



## Annex 2

# Thematic Plan 2

## Action Plan on Development of Cruise Tourism

### Chapter 1 Foreword

Hong Kong, with its strategic location and a deep-water port, has all along been a maritime hub to serve as a transit or turnaround port for many ocean-going vessels. Thanks to these advantages, Hong Kong has been developed into an important cruise port in the region over the past decades. In the early years of the development of Hong Kong's cruise tourism, international tourists constituted the vast majority of cruise visitors. Appreciating the iconic Victoria Harbour on board was an extraordinary experience for them.

Cruise tourism contributes to Hong Kong's economy through various associated activities. In addition to on-shore expenses of cruise visitors, there are also operating expenses of the cruise ships during their berthing in Hong Kong (such as expenses for arranging shore excursions or transportation services for passengers, reprovisioning, berthing and hiring ground handlers), on-shore spending of crew members, and so on.

There are two cruise terminals in Hong Kong, namely the Ocean Terminal ("OT") in Tsim Sha Tsui and KTCT. The development and functions are the two terminals are not entirely the same, but they have been complementing each other. OT, which was completed in 1966 with a floor area primarily used for commercial purposes, can accommodate small- to medium-sized cruise ships with a gross tonnage of about 90 000 or below and a smaller passenger capacity. KTCT, which was commissioned in 2013, is an infrastructure specifically built for berthing of mega-sized cruise ships and can accommodate simultaneously two such cruise ships with gross tonnage of up to 220 000 each. The completion of KTCT has not only timely enhanced Hong Kong's capability and efficiency in receiving cruise ships, but also maintained our competitive edge in the international source markets by fostering regional co-operation. In addition, KTCT





has enabled Hong Kong to capture the growing Mainland and Hong Kong's source markets and transform its cruise tourism from being mainly an inbound tourism product that was mainly for attracting tourists to also becoming an outbound tourism product that serves Hong Kong residents. This has led to a substantial annual growth in Hong Kong's cruise tourism in terms of ship calls and passenger throughput. The proportions of Hong Kong, Mainland and overseas cruise visitors for 2018 were 40%, 25% and 35% respectively.

The epidemic has adversely affected the global cruise tourism. International cruise itineraries resumed in Hong Kong in January 2023 after a hiatus of almost three years since February 2020. As Asia being the last region and Hong Kong being one of the last few Asian ports to fully resume international cruise travel, challenges remain in the recovery of our cruise tourism. Specifically, international cruise lines usually plan for their itineraries and put tickets on sale two or three years in advance. Regions reopened for cruise tourism earlier, such as North America and Europe, have gained the first mover advantage in attracting cruise deployment and seen stronger performance in terms of occupancy and revenue. This has deterred cruise lines from substantially increasing their deployment to Asia including Hong Kong in the near future. As a result, the overall cruise capacity at present for 2025 in the region has yet to revert to the pre-epidemic levels, with a reduction from 15.1% of the world's cruise capacity in 2018 to 8.9% in 2024<sup>1</sup>. In terms of ship calls, the recovery rate of Hong Kong is around 73%, as compared to the recovery rate of around 20-82% of nearby major homeports in the region (such as Singapore, Shanghai and Nansha).

Hong Kong's cruise tourism is one of the priorities of the Government in driving the recovery of the tourism industry in full steam. In this regard, following an extensive consultation with relevant stakeholders in the local and international cruise trade, CSTB has specifically devised this Action Plan, which is released together with Blueprint 2.0, for complementary purpose to promote Hong Kong's tourism industry and foster the overall development of cruise industry in Asia.

Our vision and missions on cruise tourism are set out as follows –



## Vision

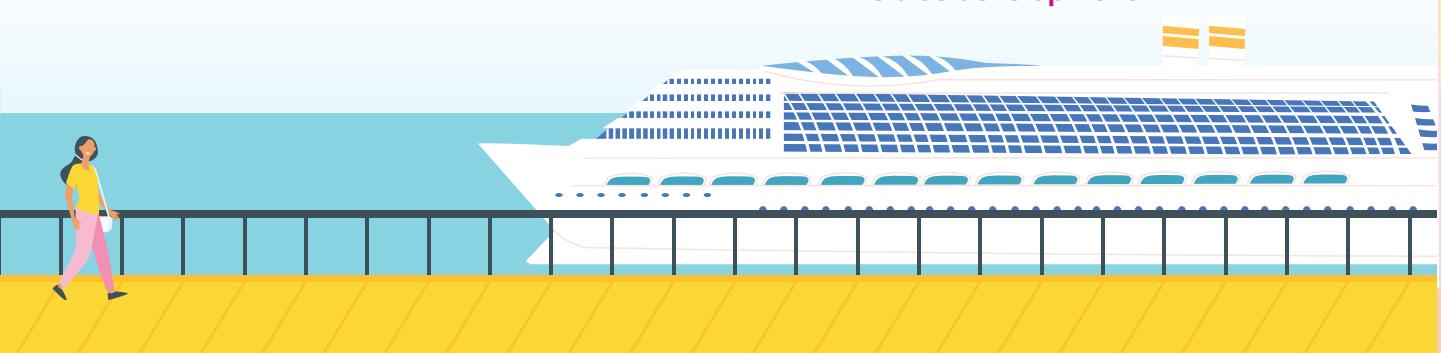
**Establish Hong Kong as Asia's Hub for International Cruise**

## Mission



**Consolidate Hong Kong's position as –**

- **a marquee port for cruise itineraries in both Northeast and Southeast Asia**
- **a world-class port on both passenger services and cruise operation**
- **a leading port in driving regional cooperation to foster Asia's cruise development**



<sup>1</sup> Data extracted from The 2024 Cruise Industry News Annual Report.

## Thematic Plan 2

### Chapter 2 Strengths, Development Limitations, Challenges and Opportunities Analysis

During the consultation, we have extensively engaged with the global cruise trade, the Advisory Committee on Cruise Industry of Hong Kong, frontline practitioners and different parties providing support in reception of cruise ships, as well as various Government bureaux and departments involved in cruise operation. With due regard to the latest trends in the international cruise market, an analysis on the strengths, development limitations, challenges and opportunities on the development of cruise tourism in Hong Kong has been conducted and the results are as follows –

#### Strengths

- **A strategic geographical location supporting both Northeast and Southeast Asian cruise itineraries** with diverse itineraries of different durations
- **An international aviation hub** serving more than half the world's population within a five-hour flight, bolstered by the Third Runway System for further development of "fly-cruise" business model
- **Convenient cross-boundary transport connectivity** with Mainland China with the **well-established High-Speed Rail ("HSR") and highway networks**, offering huge potential for market development
- **Two world-class cruise terminals at the city centre**
- **A great variety of unique and attractive on-shore tourism offerings in Hong Kong**
- **Abundant international hotel brands** (including those based in Hong Kong) with professional services
- **Visa-free entry for nationals of about 170 countries and territories, highly efficient immigration and customs clearance processes** taking the lead in the region, as well as free-port policy to facilitate reprovisioning and sea crew changes
- **Favourable Chinese-English bilingual environment for business with a broad and deep pool of cruise industry professionals**



#### Development Limitations

- **Insufficient local population** to support long-term homeport<sup>2</sup> operations undoubtedly leads to a reliance on inbound tourists
- Limited choices of ports-of-call for short-haul itineraries of five nights or fewer for Hong Kong's homeporting sailings result in the need to **focus more on experiences in Hong Kong and on-board to attract passengers**
- **Hong Kong's exposure to typhoon threats in summer makes it a low season for cruise travel**



<sup>2</sup> The use of Hong Kong as a port where passengers begin or end their cruise journeys.



## Challenges

- **Geopolitical tensions and uncertainties in the Middle East** adversely affecting cruise lines' deployment from Europe to Asia
- **The completion of multiple homeports across Asia in recent years** prompting cruise lines to consider reducing year-round deployment in one single homeport due to operational risk concerns
- **Intense regional competition among various continents** and no apparent advantages for Asian itineraries in terms of passenger throughput and revenue
- The occurrence of typhoons or rainstorms in non-summer season induced by **extreme weather in recent years** heightening uncertainties for ships berthing at Hong Kong and posing certain risks to cruise lines. On the other hand, Singapore is virtually unaffected by typhoons



## Opportunities

- A series of facilitation measures for participating in cruise tourism announced by the Mainland authorities in 2024 creating favourable conditions for cruise ports along Mainland's coastline to serve as ports-of-call for Hong Kong's outbound sailings and enriching the selection of cruise itineraries
- **Blueprint 2.0** helping enhance Hong Kong's tourism appeal in a holistic manner
- **The launch of a number of new cruise ships in the coming years** leading to an anticipated increase in the number of cruise ships in Asia
- **Joint effort of ports across Asia to promote cruise tourism**
- **Accelerated development of Hong Kong as a green shipping hub** to dovetail with the directions of the global cruise trade

## Thematic Plan 2

### Chapter 3 Strategies and Action Measures

In order to fulfil our vision and missions, we have taken into account the latest strengths, development limitations, challenges and opportunities analysis and devised five new strategies for cruise development, namely –



A total of 17 action measures have been formulated under the five strategies and details are as follows –

#### Strategy 1 — Drive More Ship Deployment to Hong Kong through a Multi-pronged Approach

##### 1 Enhance our services and support to attract cruise lines' deployment of ships to Hong Kong

- CSTB has earmarked additional funding in the 2023-24 Budget for HKTB to strengthen services and supports in attracting more cruise ships to Hong Kong in the next few years with priorities on driving cruise lines to increase their number of ship calls to Hong Kong, make overnight calls and leverage Hong Kong as the homeport. We will review from time to time the funding items based on their outcomes and feedbacks from cruise lines. For instance, since the second half of 2024, we have been attracting tourists to join cruise tourism in Hong Kong by offering incentives to outbound travel agents in source markets, as well as by supporting to ships calls with relatively more Mainland passengers through arranging coaches connecting boundary control points and KTCT.



## Diversify and launch more new itineraries, giving full play to our role as a core demonstration zone for multi-destination tourism

2

CSTB and HKTB

- CSTB will seize the opportunities brought by the new cruise-related policies in the Mainland, including the full implementation of a visa-free entry policy for foreign tourist groups aboard cruise ships at coastal provinces in the country announced in May 2024, and the new initiative to allow Mainland visitors to travel to Hong Kong in transit to join international cruise itineraries involving port-of-call in Mainland cruise ports<sup>3</sup> contained in the Second Agreement Concerning Amendment to the Mainland and Hong Kong Closer Economic Partnership Arrangement Agreement on Trade in Services (Amendment Agreement II) signed in October 2024. CSTB will work with HKTB in attracting cruise lines to launch more itineraries covering Hong Kong and Mainland ports.
- CSTB will actively develop itineraries departing from neighbouring Asian regions to Hong Kong with a view to encouraging more tourists in those regions to visit Hong Kong by way of cruise travel. For instance, there will be cruise itineraries departing from the Mainland, Japan, Korea, Malaysia, the Philippines, Taiwan and Thailand to Hong Kong in the coming months.
- CSTB will also continue to encourage cruise lines to leverage Hong Kong as the homeport to develop more long-haul itineraries to Northeast and Southeast Asia.

3

## Develop source markets and create demand

HKTB

- HKTB will step up promotion and publicity efforts in major source markets, and create brand effect of Hong Kong's cruise tourism by leveraging the presence of its worldwide offices and collaborating with cruise lines as well as local travel agents, media and Key Opinion Leaders in source markets.
- HKTB will boost the demand in conventional source markets (i.e. North America, Europe, and Australasia) more vigorously and develop other source markets with potentials, including GBA, Southern and Southwestern China, Southeast Asia and India.
- Given Hong Kong's position as an international aviation hub and the growing popularity of HSR travel, HKTB will drive the development of "fly-cruise" and "rail-cruise" packages bundling with accommodation, attractions, sightseeing tours and other experiences before or after cruise voyages, consolidating our advantage as a homeport. HKTB will also arrange more familiarisation visits for travel agents in source markets to Hong Kong to facilitate product designs and promotions.
- HKTB will continue to enhance the public awareness of cruise tourism, as well as knowledge and interest in the diverse cruise products offered locally through its promotion and publicity efforts.

4

## Deepen strategic partnership with Mainland ports and sustain regional collaboration with ports in Asia

CSTB and HKTB

- Subsequent to the partnership with Hainan and Xiamen, CSTB and HKTB will step up its cooperation with more Mainland ports to jointly promote cruise tourism development of both Hong Kong and the Mainland.
- CSTB and HKTB, together with the cruise industry, will continue to actively participate in major global and regional cruise conferences and exhibitions, and collaborate with Mainland and Asian ports on joint promotion to cruise lines and media, thereby enhancing the visibility of Asia's cruise tourism.
- CSTB and HKTB will join hands with neighbouring ports to invite and arrange cruise lines for familiarisation visits to various ports in the region.

<sup>3</sup> Refer to the Mainland cruise ports as intermediate stops.

## Thematic Plan 2



5

Maintain close communication with cruise lines together with the trade, and provide cruise lines with timely and necessary support, thereby facilitating their operation in Hong Kong

CSTB and HKTB

- CSTB and HKTB will step up efforts in communicating with international, regional and local offices of cruise lines to promote Hong Kong's cruise tourism industry, with a view to exploring business opportunities in the region.
- HKTB will enhance its functions and become the first point of contact of cruise lines. It will adopt a solution-based approach and provide necessary support, follow-ups and referrals in respect of a wide array of issues pertaining to cruise lines' smooth operation<sup>4</sup> in Hong Kong and Asia. It will also foster communication and information exchanges among the local cruise sector to provide coordinated and quality services to cruise lines.

6

Explore the off-shore berthing of expedition cruise ships

CSTB and TLB (MD)



- Some cruise lines are exploring the operation of small expedition cruise ships in Asia, which previously operated mainly in polar areas and eco-destinations. To help facilitate the arrangement, CSTB will explore with relevant departments the feasibility of providing an off-shore berthing space for such cruise ships, which enables better access of cruise visitors to Hong Kong's iconic green attractions.



## Strategy 2 — Enhance visitors Experiences in Hong Kong

7

Further streamline customs, immigration and quarantine procedures

CSTB, SB (Hong Kong Customs and Excise Department and ImmD) and Health Bureau ("HKB") (Department of Health ("DH"))

- Starting from August 2024, on-board and on-shore security checks for transit calls have been combined and streamlined. Also, the requirement for visitors to furnish an arrival or departure card has been cancelled since October 2024. CSTB will continue its close collaboration with relevant Government departments including the Hong Kong Customs and Excise Department, ImmD and DH, etc., and listen to views of cruise lines and passengers in order to further streamline customs, immigration and quarantine procedures. Meanwhile, we will encourage cruise lines to make good use of "Clearance on Board" arrangements.



<sup>4</sup> For instance, market intelligence, itinerary planning, port operations, destination information, on-shore experience, guest enquiries and feedback.



**8 Enhance uniqueness of shore excursion programmes and tourism offerings**

**CSTB and HKTB**

- Blueprint 2.0 nurtures and expands tourism offerings and programmes with local and international characteristics, and supports the industry to develop new and distinctive shore excursion programmes and special activities, including participation in mega events (e.g. Hong Kong Wine & Dine Festival), cultural and art programmes, historical and cultural activities (e.g. intangible cultural heritage workshops), sports activities and eco-tourism, etc. This helps attract cruise visitors and enhances Hong Kong's appeal.
- An array of exclusive guest services will be offered in HKIA to serve "fly-cruise" visitors a better personalised experience.

**9 Relax the arrangement of transiting Central Fairway for cruise ships berthing at KTCT and consider the regularisation in the long run**

**CSTB and TLB (MD)**

- CSTB and MD will keep under review the relaxation of arrangement of transiting Central Fairway for cruise ships, and will regularise the arrangement subject to its smooth implementation. With the support of MD, CSTB launched a two-year trial scheme in March 2024 to allow cruise ships berthing at KTCT to choose to transit through the central part of the Victoria Harbour from 7pm to 10pm every day. The arrangement is aimed to boost the development of cruise tourism by leveraging the iconic scenery of Victoria Harbour and the Symphony of Lights show. Citizens and tourists on both sides of Victoria Harbour will also be able to appreciate the international cruise ships sailing through the harbour, thereby enhancing the image of Victoria Harbour. After reviewing the existing arrangement, MD adjusted the transit window to 6pm to 6am the next day in November 2024 with an aim to attract more cruise ships to visit Hong Kong.



## Thematic Plan 2



### Strategy 3 — Elevate the Function of KTCT as a Cruise Terminal for All

10

Provide a wide array of transportation options for both cruise and terminal visitors

CSTB, TLB (TD) and the terminal operator

- The terminal operator of KTCT must make proper transport planning including liaison with cruise lines for preparation of “tailor-made” transport arrangement for every ship call, so as to ensure the smooth embarkation and debarkation of cruise visitors.
- On special feeder transport services, having regard to the nature and demand of individual ship calls, the terminal operator will coordinate the work of cruise lines or local transport operators to provide additional coach services from KTCT to HKIA, West Kowloon HSR Station, land boundary points connecting Hong Kong and Mainland China, cross-boundary ferry terminals and/or major tourist attractions.
- TD will introduce two new franchised bus routes, including express route travelling direct to Hung Hom and Tsim Sha Tsui (Route 20X) and service to MTR Kai Tak Station via MTR Sung Wong Toi Station (Route 22S), thereby providing the public and cruise visitors with convenient transport.
- On taxi services, since taxi fleet operators will commence operation progressively from 2025, the overall quality of taxi services is expected to be enhanced and stable supply of taxis will be maintained. The terminal operator will discuss with taxi fleet operators the relevant arrangement so as to bring a better riding experience to cruise visitors.
- The Central Kowloon Route, which is expected to be completed by end-2025, will significantly shorten the journey time from KTCT to West Kowloon. CSTB will further explore with TD whether new and more direct public transport services connecting tourist attractions, hotel areas and transport nodes, etc., should be provided.
- TD will closely monitor the changes in the demand from residents and tourists and discuss with the operators to strengthen the current ferry services or the introduction of water taxi services connecting to Kai Tak as appropriate.
- The terminal operator will continue to explore possible partnership with shopping malls/hotels/ popular destinations, etc., in improving transport services for cruise visitors.
- In the longer run, the Government will take forward the Smart and Green Mass Transit System in Kai Tak connecting KTCT to MTR Kai Tak Station. In addition, relevant Government departments will continue to implement the “multi-modal” Environmentally Friendly Linkage System.

## 11 Enhance services and amenities for cruise visitors

**CSTB, HKTB and the terminal operator**

- CSTB, with the support of the Architectural Services Department, has commenced environmental and functional upgrading works by phases since the second half of 2024 to enhance cruise visitors experience at KTCT. The works include provision of a prayer room, enhancement and improvement of elderly-friendly and accessible designs, upgrading and addition of toilet facilities as well as enhancement of the wayfinding system, etc.
- Following the launch of baggage transfer services between KTCT and HKIA in late 2023 at selected homeporting ship calls, CSTB will roll out baggage transfer services between KTCT and West Kowloon HSR Station and firm up the introduction of flight baggage check-in service at KTCT with AAHK.
- CSTB will continue to explore and introduce smart elements to service cruise visitors and other users of KTCT, such as the AI Ambassador System to be introduced in 2025 to commensurate with the services of HKTB's visitor centre, and the ongoing promotion of acceptance of cashless payments by vendors and transport service providers of KTCT.



## 12 Further utilise KTCT for other commercial purposes, including conventions, exhibitions and activities

**CSTB and the terminal operator**

- CSTB will continue to explore with the terminal operator the use of KTCT for holding different kinds of non-cruise events/commercial activities to attract people flow. We, together with relevant bureaux and departments as well as local stakeholders, will also seize the opportunities brought by the gradual intake of nearby residential developments, and the construction of the "Youth Post" hostel and spaces for cultural and arts exchanges for youth, to bring in more community activities to KTCT. Such arrangements include –
  - (a) MICE:** HKTB will strengthen the promotion of KTCT as a venue for MICE events. The current terminal operator has updated KTCT's MICE brochure to facilitate promotion and marketing, and will step up its efforts in attracting MICE events to KTCT.
  - (b) Leisure and Events:** CSTB will convert the South Podium Garden with a large lawn on the second floor of KTCT into a pet-friendly zone and promote it through the pet community. The open-air planter area of the North Podium Garden on the second floor will also be converted into a new event space of about 1 600m<sup>2</sup> in 2025 for outdoor events such as fairs, performances and art exhibitions.
  - (c) Community:** CSTB will continue to encourage relevant bureaux and departments as well as local stakeholders to hold more community activities at KTCT, as well as step up the promotion of KTCT tours for schools and non-governmental organisations.
  - (d) Revitalising the ancillary commercial area:** CSTB will invite expression of interest for the whole ancillary commercial area of about 5 600m<sup>2</sup> and rooftop garden of KTCT shortly. Interested vendors and organisations are welcomed to submit feasible proposals including the use for conventional retail or other purposes to utilise and revitalise the spaces.



## Thematic Plan 2



### 13 Create synergies with nearby new developments

**CSTB, DEVB and Home and Youth Affairs Bureau ("HYAB")**

- CSTB will engage managers or operators of culture, sports, recreation, retail and dining facilities in the vicinity of KTCT to explore ways to provide greater convenience and enhanced experience to cruise visitors, boost business opportunities of KTCT, and attract citizens and visitors to the area. Specifically –
  - with the opening of two large retail facilities near MTR Kai Tak Station within the Kai Tak Development Area, as well as the commissioning of KTSP, which provides over 700 000 square feet of retail and catering facilities and host a wide range of large-scale sports, culture or entertainment events, in the first quarter of 2025, cruise visitors will be offered with greater convenience and more options for shopping and sightseeing, while patrons will be attracted to the area.
  - a continuous harbourfront promenade will be constructed connecting KTSP and KTCT. The promenade will not only provide a panoramic view of Victoria Harbour, but also clusters of retail and dining outlets. These facilities are expected to be completed from end-2024 to 2027 in phases.
- The Government will continue to monitor the market development and dispose of the remaining planned commercial sites adjacent to KTCT at an appropriate juncture, and explore their interim uses (including the construction of the "Youth Post" hostel and spaces for cultural and arts exchanges for youth in the Kai Tak Community Isolation Facility) as necessary. Under the planning regime, these commercial sites can be used for various purposes such as office, retail, hotel and this allows the flexibility for the Government to formulate market-led initiatives with a view to supporting the vibrant development of the area.

### 14 Critically examine and refine the operational requirements for KTCT operator in future

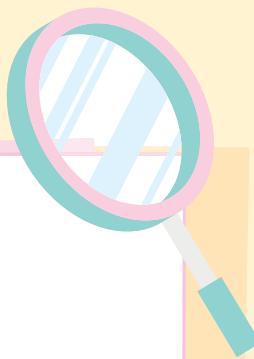
**CSTB**



- The existing tenancy agreement with the terminal operator will end in May 2028. CSTB will commence a new tender exercise in 2025 and review the terms and conditions of the tenancy agreement, with a view to maintaining and enhancing the attractiveness and competitiveness of KTCT.



## Strategy 4 — Develop Hong Kong as a Green Cruise Port



15

### Support the adoption of shore power and green maritime fuels for cruise ships

**CSTB, EEB, TLB and MD**

- CSTB and EEB will complete a technical review on the installation of shore power system facilities in the first half of 2025.
- TLB and EEB have commenced a feasibility study on providing green maritime fuel (including liquefied natural gas) bunkering for both local and ocean-going vessels, and promulgated an action plan in November 2024. Meanwhile, TLB and MD are pursuing amendments to marine legislation on green maritime fuel bunkering. Green fuel bunkering for cruise ships have been covered by the relevant work.



16

### Sustain various green and environmentally-friendly measures at KTCT

**CSTB, EEB and the terminal operator**



- The green and sustainable design of KTCT is recognised and awarded the Platinum BEAM Plus rating by the Hong Kong Green Building Council. The terminal operator will continue to adopt locally and internationally recognised green measures in its day-to-day operation, and support the operation of green public transport services at KTCT by providing relevant facilities or support for electric buses, hydrogen fuel cell buses and electric taxis, etc.





### Strategy 5 — Nurture more cruise tourism specialists of different positions

17

Roll out additional measures for nurturing talents for cruise industry

**CSTB, HKTB and the terminal operator**

- Blueprint 2.0 proposes a series of measures to enhance the service quality and support of the tourism industry on all fronts, and cultivate talents. In addition, CSTB will roll out the following measures targeted at the cruise industry to –
  - support the terminal operator of KTCT in continuing to organise workshops/seminars/programmes with TIC and the Cruise Lines International Association, so as to enhance the local travel trade's professional knowledge of cruise tourism, such as the development trends of cruise tourism industry and the latest cruise tourism products.
  - enhance the community's involvement in receiving cruise ships by leveraging the volunteer network (in particular those recruited through the "Hong Kong Pals" Volunteer Programme of HKTB and the Hong Kong Young Ambassadors Scheme co-organised by CSTB and the Hong Kong Federations of Youth Groups) to recruit dedicated and enthusiastic volunteers to offer assistance.
  - work with the terminal operator of KTCT to further encourage schools and community groups to visit KTCT, and continue to help arrange tours on board cruise ships during their berthing at the terminal, so as to increase the community's engagement on cruise operation.





## Chapter 4 Closing Remarks

Upon promulgation of the Action Plan, CSTB will coordinate with relevant Government bureaux and departments as well as HKTB to put in place the action measures and actively monitor the implementation. We will also closely oversee the operation of KTCT and continue to join hands with HKTB and stakeholders of Hong Kong's cruise industry in maintaining close communication with the global, regional and local offices of cruise lines, with a view to driving cruise deployment to Hong Kong and ensuring smooth operation. Moreover, CSTB will keep a close watch on the fast-changing developments in the international cruise market and flexibly adjust the strategies and action measures, so as to maintain balanced and steady development of Hong Kong's cruise industry.

With the dedicated and concerted efforts of Hong Kong's cruise industry, Hong Kong will continue to make significant contribution to cruise development in Asia, thereby creating some of the best holidays for many more tourists from around the world.

