

LCQ7: Impact of implementation of policy on multiple-entry permits on livelihood of Hong Kong residents

Following is a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Hon Wong Kwok-kin in the Legislative Council today (February 20):

Question:

It was reported that as parallel traders (quite a number of them being Individual Visit Scheme (IVS) travellers) had recently snapped up infant milk formulas in Hong Kong and transported them to the Mainland, there was an inadequate supply of infant milk formulas. There were also reports that some 30 per cent of Shenzhen residents visited Hong Kong at least once a month for shopping and the goods they bought included daily necessities such as infant milk formulas, personal care items, pharmaceuticals, and even Lunar New Year gifts, resulting in a tight supply of such goods. On the other hand, the Chief Executive stated in his election manifesto that he would request the Central Government to extend the "Multiple Entries per Year" (i.e. "multiple-entry permits") arrangement currently available to Shenzhen residents under IVS to cover other cities in the Pearl River Delta (PRD). He said he would enhance clearance efficiency at our boundary checkpoints to facilitate PRD residents progressively changing the nature of their visits from occasional tourism to frequent visits for daily consumption spending. In this connection, will the Government inform this Council:

(a) given the reports that some shop operators hoarded goods and sold them at higher prices to visitors from the Mainland, rendering local residents unable to buy daily necessities at normal prices, of the authorities' measures to combat such trade practices;

(b) whether it has assessed the impact on the livelihood of Hong Kong residents brought about by the change in the pattern of PRD residents spending in Hong Kong from occasional tourism to frequent visits for daily consumption spending, as proposed by the Chief Executive; whether the Government is implementing the proposal; and

(c) given that some members of the public have relayed that the current situation has deviated from the policy intent of the "multiple-entry permits", but the Secretary for Security has said that it is not feasible to cancel the policy across the board, of his specific justifications; whether the authorities will consider discussing with the mainland authorities concerned to revise the policy on "multiple-entry permits" in order

to alleviate the problems of nuisance and imbalance in the supply of and demand for daily necessities caused by parallel traders' shopping in Hong Kong?

Reply:

President,

Since the implementation of the "Individual Visit Scheme" (IVS) in July 2003, there has been a marked increase in Mainland visitor arrivals every year, boosting the development of the tourism, retail and catering industries in Hong Kong and contributed to the overall Hong Kong economy. In view of the significant increase in the number of visitor arrivals, the Government is monitoring closely the arrival pattern of visitors with a view to exploring measures targeting at parallel trading activities.

Our replies to the questions raised by Hon Wong Kwok-kin are as follows:

(a) Hong Kong is a free economy. Generally, traders will provide various goods in the light of the demand and supply situation, and make suitable adjustments in view of changes in the situation. The Government is committed to enhancing market transparency, so as to facilitate consumers' informed decisions on the basis of adequate information and protect their own interest. Since 2008, the Commerce and Economic Development Bureau has been providing funding to the Consumer Council for conducting regular price surveys. At present, the Consumer Council provides information on the prices of products for daily uses to consumers through various regular price surveys. The Consumer Council will also continue to conduct dedicated researches and surveys according to consumers' needs and market trends, with a view to monitoring different trade practices and advising consumers on issues for attention.

In fact, the demand and supply of products for daily uses is essentially a market behaviour which the Government normally would not intervene. Yet, under very exceptional situation, for example the recent situation where there was a supply chain failure in the market of formula products, the Government had decided to intervene and announced on February 1 to adopt a series of special measures to stabilise the supply of infant formula products. Besides, if consumers discover undesirable trade practices of retailers, they may make complaints to the suppliers. The Consumer Council also maintains a complaint hotline. Depending on the situation of the cases, the Consumer Council would inform the Government and relevant suppliers upon receipt of such complaints. If the practices of the retailers raise the question of law abidance, relevant

government departments will seek to take law enforcement actions.

(b) and (c) The priority of the Government is to solve livelihood problems that Hong Kong people face and are concerned about. In this connection, since September last year, the Government has made it clear on certain occasions that, when considering the way forward of the IVS, the major premise is to take into account amply the overall capacity of Hong Kong to receive tourists, and to avoid affecting the living of the Hong Kong people. The Government is assessing the overall capacity of Hong Kong to receive tourists. The areas taken into account include the handling capacity of boundary control points, receiving capacity of tourist attractions and the public transport system, supply of hotel rooms, economic effects of the IVS, and its impact on the livelihood of the community, etc. Upon completion of the assessment, the Government will commence liaison with the relevant Mainland authorities to exchange views in this aspect.

The Security Bureau (SB) is of the view that it is necessary to consider carefully the impact of cancelling multiple endorsements across the board on visitors with genuine need for frequent travel between the two places and its effectiveness on combating parallel trading activities. Regarding combating parallel trading activities, the SB will continue to take targeted measures, including enhancing co-operation with the Mainland authorities and immigration control. In particular, since February 1, the customs authorities of the two places have commenced a special operation to combat parallel trading activities involving daily necessities, such as infant milk formula, through monitoring and reporting parallel trading activities at control points, enhancing intelligence exchange, stepping up custom checks and introducing monitoring system. The Immigration Department (ImmD) has also established a watch list of suspected parallel traders. The ImmD will conduct immigration examination of suspected parallel traders and, if their purposes of visits are in doubt, consider refusing their entry and repatriating them to the Mainland immediately.

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