

**For discussion
on 28 October 2013**

Legislative Council Panel on Economic Development

The Impact on the Tourism Sector in Hong Kong of the Tourism Law of the People's Republic of China

Purpose

This paper outlines the impact of the Tourism Law of the People's Republic of China (Tourism Law) on the tourism sector in Hong Kong.

Background

2. Implemented since 1 October 2013, the Tourism Law aims to regulate the order of the tourism market, enhance service quality and protect the legitimate rights of tourists and tourism operators, thereby facilitating the healthy and sustainable development of the tourism industry. There are a total of 10 chapters and 112 articles in the Tourism Law, stipulating requirements for tourists, tourism planning and promotion, tourism operation, tourism service contract, tourism security, tourism supervision and management, tourism dispute settlement and legal responsibilities, etc.

3. In respect of tourism operators, the Tourism Law stipulates the establishment criteria, scope of business and business rules for travel agencies. Article 35 of the Tourism Law provides that “Travel agencies are prohibited from organising tourism activities and luring tourists with unreasonably low prices, or getting illegitimate gains such as rebates by arranging shopping or providing tourism services that require additional payment. When organising and receiving tourists, travel agencies shall not designate specific shopping places, or provide tourism services that require additional payment. However, it does not include circumstances where both sides have agreed or the tourists have requested for such arrangements and no influence is caused on the itinerary of other tourists....”

Initial Observations on the Impact of the Tourism Law on the Tourism Sector in Hong Kong

4. Since the Tourism Law has been implemented for about three weeks only, it would be difficult to draw a conclusion on its long term impact on the tourism sector in Hong Kong at this stage. Nevertheless, taking into account the situation during this year's National Day Golden Week (NDGW), our initial observations are briefly set out below.

5. According to the statistics of the Travel Industry Council of Hong Kong (TIC), there were on average 191 Mainland inbound tour groups visiting Hong Kong every day during this year's NDGW, representing a decrease of 44% as compared with last year's NDGW. While some Mainland inbound tour groups still involved shopping itineraries, the proportion of this type of tour groups decreased significantly as compared with the corresponding period last year, from around 80% last year to around 35% during this year's NDGW. On the other hand, the proportion of Mainland inbound tour groups without any shopping itineraries increased from around 20% last year to around 35% during this year's NDGW. As for the number of complaints, the TIC received two complaints concerning Mainland inbound tour groups during this year's NDGW, representing a reduction of 71% as compared with seven cases during the corresponding period last year.

6. From the above statistics, it can be seen that the Tourism Law has proved to be effective initially in deterring modes of operation that overly rely on shopping commissions to cross-subsidise tours sold at low prices, as well as undesirable business practices such as "zero-negative fee tours" and coerced shopping, etc. At the same time, the significant increase in the proportion of Mainland inbound tour groups without shopping itinerary reflects that some travel agents have adjusted their modes of operation in the light of the Tourism Law and latest market conditions. We have notified the China National Tourism Administration (CNTA) of the statistics about Mainland inbound tour groups and the overall situation during this year's NDGW. We will continue to maintain liaison with the CNTA and the Shenzhen Municipal Bureau of Culture Sport and Tourism regarding the implementation of the Tourism Law, and exchange latest information with them.

7. We understand that some members of the trade are concerned about the impact on the demand for frontline practitioners (especially local tourist guides specialised in receiving Mainland inbound tours) and their livelihood following the reduction in the number of Mainland

inbound tour groups. In this regard, we note that there is a strong demand in the market for high quality tourist guides who have foreign language skills. Over the past few years, the TIC has from time to time organised training courses and seminars for frontline practitioners with a view to improving their qualities. Besides, the TIC has also organised “Recruitment Day for Travel Agents” and set up recruitment booths at tourism-related career exhibitions to facilitate job matching between travel agents and frontline practitioners. Therefore, we appeal to the trade to take this opportunity to actively provide different training for frontline practitioners to enhance their competitiveness, so that those who see the need may switch to other work type within the trade as necessary.

8. In the long run, the Tourism Law will strengthen the regulation of the tourism market in the Mainland, making tour prices of Mainland outbound tour groups more open and transparent. This will enhance Mainland travellers’ confidence in joining tours to Hong Kong. All these changes will bring about a positive impact on the overall interests and long term development of the tourism industry in Hong Kong. The implementation of the Tourism Law is also an opportune time for the entire travel trade as well as its frontline practitioners to upgrade themselves. This is conducive to the regularisation of the operation of travel agents and enhancing the quality of tourism products and services, thereby contributing to the healthy and sustainable development of the tourism industry in Hong Kong.

Next Steps

9. The HKSAR Government and the TIC will continue to monitor the impact of the Tourism Law on the tourism sector in Hong Kong. We will also maintain close liaison with the CNTA and relevant Mainland tourism authorities and notify them of the latest developments of related situation (in particular regarding the operation of Mainland inbound tour groups in Hong Kong), with a view to promoting the healthy and sustainable development of the tourism industry in the Mainland and Hong Kong.

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