

LCQ4: Measures to regulate the growth in visitor arrivals

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Following is a question by the Hon Claudia Mo and a reply by the Secretary for Commerce and Economic Development, Mr Gregory So, in the Legislative Council today (June 11):

Question:

The Chief Executive has recently indicated that the Government is conducting a study on the regulation of visitor arrivals and its growth rate, which includes discussing with the relevant mainland authorities the issue of "multiple entry permits", but so far it has not yet given an account of the measures to be launched to regulate visitor arrivals (regulatory measures). In this connection, will the Government inform this Council:

(1) of the specific contents and current progress of the aforesaid study; whether the study is being undertaken by an inter-departmental group; if it is, of the membership list of the group; whether it has invited people from various sectors of the community and representatives from authorities outside the territory to take part in the study; if it has, of the name list of these people and representatives; whether the authorities will set a timetable for giving an account to the public on the outcome of the study and the regulatory measures to be adopted;

(2) whether the Government has, since the authorities proposed the Boundary Facilities Improvement Tax Bill 11 years ago, conducted any assessment again on the imposition of a land departure tax or arrival tax, such as levying a tax on visitors who are not Hong Kong residents upon their entry by land so as to reduce the number of same-day visitors coming to Hong Kong to shop for daily necessities, thereby mitigating the impact of their visits to Hong Kong on the daily lives of members of the public; if it has, of the details; if not, the reasons for that; and

(3) as it has been reported that with effect from June 1 last year, all policy documents submitted to policy committees and the Executive Council must include an assessment on the reaction of the Mainland to the relevant policies, whether the authorities have assessed the reaction of the mainland people and government to the regulatory measures under consideration; if they have, of the assessment outcome; whether it is the case that the authorities dare not request the mainland authorities to cancel the "multiple entry permit" arrangement or introduce a land arrival tax because they are worried about hurting the feelings of the mainland people; whether the authorities will,

with regard for Hong Kong people's interests, expeditiously implement regulatory measures?

Reply:

President,

Tourism is an important pillar of Hong Kong's economy, accounting for 4.7 per cent of our Gross Domestic Product. Apart from driving the development of various relevant sectors, the healthy development of the tourism industry also offers 250 000 direct employment opportunities, of which most are jobs for the grassroot and with relatively lower skill requirements. The growth in visitor arrivals has generated economic benefits and created employment. However, it has also brought about challenges. The HKSAR Government attaches great importance to the long-term and healthy development of Hong Kong's tourism industry, and has been adopting a realistic and pragmatic attitude in handling tourism-related issues.

In fact, the Chief Executive announced in September 2012 that the relevant Mainland authorities would liaise and work closely with the HKSAR Government to ascertain the receiving capacity of Hong Kong before considering implementing multiple-entry Individual Visit Endorsements for non-permanent residents of Shenzhen, and arranging the orderly issuance of exit endorsements for non-permanent residents in six cities. The HKSAR Government also completed an assessment on Hong Kong's capacity to receive tourists at the end of last year, and is making great efforts to enhance Hong Kong's capacity to receive tourists along the recommendations in the Assessment Report. At the same time, the HKSAR Government has been closely monitoring the trend of visitor arrivals. Taking into account the community's continued concerns about Hong Kong's capacity to receive tourists, the Chief Executive indicated in April this year that the HKSAR Government is looking into ways to adjust the growth in visitor arrivals and the composition of visitors, and will announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities.

Relevant Government bureaux and departments are all involved in this task, including the Commerce and Economic Development Bureau, the Security Bureau, the Immigration Department, etc. Our major premise is to ensure the stable and orderly development of the tourism industry, and at the same time minimise as far as possible the inconvenience caused by increasing visitor arrivals to local residents, with a view to

striking a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. As a responsible Government, we indeed have to listen to all views and adopt a balanced approach in addressing the public concerns, protecting the overall interests of the whole community and tackling the problems arising from the visitor arrivals.

I noticed that Hon Claudia Mo and Hon Gary Fan have stated many times publicly that the Central Government should abolish the multiple-entry Individual Visit Endorsements for permanent residents of Shenzhen altogether and reduce substantially the number of visitors under the Individual Visit Scheme. On the other hand, the Government announced last week the statistics of retail sales for April this year. The value and volume of the retail sales for that month recorded the largest reduction since February 2009. After the statistics were released, some members of the trade were very concerned about the impact of the retail market on the economy. They were worried that the adjustment in visitor arrivals would bring an even more severe blow to the overall economy and pose a significant negative impact to the employment situation, resulting in the loss impetus for growth of the Hong Kong's overall economy. Therefore, we have to consider carefully the two directions towards adjusting the number of visitors and improving their composition. For visitor arrivals, the first question we have to ask is how much could Hong Kong's economy afford in terms of reduction in visitor arrivals? As for the composition of visitors, we have to consider carefully the target of adjustment, the type of visitors and the related economic benefits, as different adjustment measures will lead to different extent of reduction in visitor flow in different districts and different sectors, as well as bring about different economic impacts. In considering the above two issues, we must, at the same time, analyse objectively the impact of the adjustment measures on Hong Kong's overall economy and give deep thoughts to whether the community is able and willing to bear these impacts. We also hope that there would be extensive and serious discussions in the community, so that we could relay different views to the Central Government more accurately.

We understand that the community is very concerned about the progress and outcome of the study. Therefore, we are actively pressing ahead with the related works and will announce the outcome as soon as possible upon liaison with the Central Government and relevant Mainland authorities. In fact, the Central Government has been very supportive towards the development of Hong Kong's tourism industry and economy. At the same time, the Central Government is very concerned about Hong Kong's capacity to receive tourists and does not want the harmonious relationship between the residents of Mainland and Hong Kong to be affected by excessive visitor

arrivals. Hence, we believe the Central Government will give due consideration to the actual situations and needs of the two places, with a view to formulating appropriate and reasonable adjustment measures.

As regards the proposal to impose a land departure tax or arrival tax, during 2002 and 2003, the HKSAR Government planned to impose a boundary facilities improvement tax on passengers departing Hong Kong via land or sea departure points as a revenue-generating measure to help finance the improvement of boundary facilities. Nonetheless, after taking into account various views of the community, the HKSAR Government considered that it was not an opportune time to introduce the boundary facilities improvement tax given the economic conditions then. As a result, the plan has been shelved. We still consider that the proposal to introduce a land arrival tax on visitors not feasible. If the tax were to be imposed on Mainland visitors, we could not just hope that the Mainland would not impose the same tax on Hong Kong people in return. It should be noted that about 180 000 Hong Kong residents go to the Mainland every day. Besides, the travel trade also largely opposes the proposal and considers that it will adversely affect the tourism, retail and food and beverages sectors, etc.

As regards the means to mitigate the impact of visitors who mainly come for shopping on the daily lives of members of the public, we notice that there has been a suggestion of developing a shopping centre at the border area. We consider such suggestion worth considering. If the proposal could be materialised, it might help divert visitors in the short term and provide job opportunities to residents of the existing and planned new towns in the New Territories in the long run. We have earlier received a proposal on the development of a shopping centre at the Lok Ma Chau border area. Since the area involved in the proposal is primarily private land, it may not meet the statutory requirement of resuming land for a public purpose should the Government take forward the private business development by way of land resumption. Land resumption would also involve a substantial amount of public funds and a prolonged period of time. We believe that it will be more efficient if the land owners could co-ordinate with other market stakeholders in pursuing the future development of the area concerned having regard to the commercial potential of the area. We will be glad to co-ordinate with the Government departments concerned to provide necessary information and assistance to the project proponent.

Before closing, may I once again appeal to various sectors of the community to conduct in-depth, serious and rational discussions on the visitor arrivals and their

composition, so that the adjustment measures eventually implemented would better meet the long-term and overall interests of Hong Kong.

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