

LCQ5: Review of Individual Visit Scheme

Following is a question by the Hon Wu Chi-wai and a reply by the Secretary for Commerce and Economic Development, Mr Gregory So, in the Legislative Council today (June 18):

Question:

It is learnt that the number of visitor arrivals in 2013 exceeded 54 million, with mainland visitors accounting for 75 per cent of the figure and their arrivals exceeding 40 million. Early this year, some members of the public were dissatisfied that the excessive number of mainland visitors to Hong Kong had seriously impacted on the livelihood of Hong Kong residents, and thus urged the Government to implement measures to limit the number of mainland visitors to Hong Kong. The Chief Executive (CE) said at that time that mainland and overseas visitors coming to Hong Kong could create a large number of job opportunities for the tourism industry and the grassroots in Hong Kong, and that Hong Kong people "should not become conceited before getting rich". Afterwards, an official of the Central Authorities said that he would ask the Hong Kong and Macao Affairs Office of the State Council and the China National Tourism Administration to look into Hong Kong's capacity for receiving visitors. Recently, the Government raised for discussion the issues of visitors' demand management and a 20 per cent cut in the number of mainland visitors to Hong Kong. In this connection, will the Government inform this Council:

(1) whether it has assessed if the viewpoint put forward by CE that Hong Kong people "should not become conceited before getting rich" is still applicable at present; if the assessment result indicates that it is still applicable, why the Government raised for discussion the issues of visitors' demand management and a 20 per cent cut in the number of mainland visitors; if the assessment result indicates that it is not applicable, of the justifications for that;

(2) whether objective consideration or the attitude of the Central Authorities is currently the primary basis on which the Government formulates the relevant policies on the Individual Visit Scheme (IVS); should it be the former, of the importance of the attitude of the Central Authorities; should it be the latter, the reasons for that; and

(3) whether it has assessed if a reduction in the number of same-day mainland visitors to Hong Kong will have less impact on Hong Kong's economy; if the assessment result

is in the affirmative, whether the Government will discuss with the mainland authorities changing the One-year Multiple-entry IVS Endorsements (i.e. "multiple-entry permits"), currently issued to mainland residents, to "one trip per day" permits; if it will, of the details; if not, the reasons for that?

Reply:

President,

As an important pillar of Hong Kong's economy, the tourism industry has all along been bringing about tremendous benefits and creating employment for Hong Kong. The tourism industry accounts for 4.7 per cent of our Gross Domestic Product and offers over 250 000 direct employment opportunities, most of which are jobs for the grassroot level and with relatively lower skill requirements. Nonetheless, apart from driving the development of various relevant sectors and providing a large number of employment opportunities, the growth in visitor arrivals has also brought about some challenges.

Over the past period, the community has expressed concerns about the growth in the number of Mainland visitors. We also recognise that increase in number of visitors has exerted pressure on some public facilities and affected the daily lives of individual districts. The HKSAR Government attaches great importance to these views. Therefore, the major recommendations in the Assessment Report on Hong Kong's Capacity to Receive Tourists completed by the HKSAR Government at the end of last year also proposed enhancing our receiving capacity. We are stepping up our efforts in this aspect. Besides, the HKSAR Government has also implemented some demand management measures, including tightening the control of export of powdered formula on the principle of "putting Hong Kong people first" when there was a shortage in the supply of some daily necessities for our community. In September 2012, when the HKSAR Government learnt that the Mainland would introduce a new policy to allow non-permanent residents of Shenzhen to visit Hong Kong through multiple-entry Individual Visit Endorsements, we reflected the views to the Central Government, which later suspended the policy.

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 was looking into ways to adjust the growth in visitor arrivals and

their composition, and would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities. 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.

Visitors from all over the world, including Mainland visitors, help boost Hong Kong's tourism industry and economic development. The HKSAR Government attaches great importance to the long-term and healthy development of our tourism industry, and has been adopting a realistic and pragmatic attitude in handling tourism-related issues. 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.

In the past one to two years, some members of the public have requested to reduce the number of Mainland visitors. Some Legislative Council Members even suggested that the multiple-entry Individual Visit Endorsements for permanent residents of Shenzhen be abolished altogether and that the number of visitors under the Individual Visit Scheme (IVS) be reduced substantially. However, in the recent two to three weeks, we began to receive more diverse views suggesting that we should not handle the problems arising from the number of Mainland visitors in an across-the-board manner and that various sectors of the community should have more cautious and serious discussions on this important issue. As mentioned by the Chief Executive on May 27, reducing IVS visitors by 20 per cent was not a specific recommendation. It was meant to stimulate various sectors of the community to give thoughts to the important issue of adjusting the number of visitors and their composition. For visitor arrivals, we hope that the community could focus on exploring the extent to which Hong Kong's economy could 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.

Over the past period, we have indeed received more views suggesting that we should work on the multiple-entry Individual Visit Endorsements, and among these, some suggested making adjustments to set the limit at "one trip per day". However, according to the statistics provided by the Immigration Department, out of the cumulative total number of Mainland visitors travelling on multiple-entry Individual Visit

Endorsements in the five months from November 2013 to March 2014, over 96 per cent came to Hong Kong just once a day and the remaining (about 3 per cent) came to Hong Kong two times or more a day. Hence, we consider that the proposed "one trip per day" is not an effective means for reducing the visitor arrivals.

As I have mentioned just now, in considering the two issues of visitor arrivals and their composition, we must, at the same time, analyse objectively the impact of the adjustment measures on Hong Kong's overall economy. In other words, we have to understand the costs to be borne by the overall community upon the implementation of the adjustment measures. The key issue is the extent to which our overall community is able and willing to bear the economic costs arising from the adjustment measures. Taking the visitor arrivals in 2013 as a reference, out of the 40.75 million Mainland visitors, about 42 per cent were overnight visitors while 58 per cent were same-day visitors. The average per capita spending by these two types of visitors during their stay in Hong Kong was \$8,937 and \$2,721 respectively. The average per capita spending by overnight IVS visitors from places outside Guangdong Province even reached \$14,311. 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, including reduction in the number of employment opportunities.

The outbound travel policy for Mainland visitors, including their visits to Hong Kong, falls within the remit of the Central Government. We encourage various sectors of the community to seize the time to have extensive and serious discussions and give specific recommendations. The HKSAR Government will relay different views, including views expressed in the past two to three weeks, to the Central Government comprehensively, so that the adjustment measures eventually implemented by the Central Government would better meet the long-term and overall interests of Hong Kong.

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