

LCQ11: Review of Individual Visit Scheme

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Following is a written reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Hon James Tien in the Legislative Council today (June 25):

Question:

It has been reported that the Hong Kong and Macao Affairs Office of the State Council (HKMAO) is currently responsible for co-ordinating a review on Hong Kong's capacity to receive visitors, which includes a study on Shenzhen residents visiting Hong Kong on the one-year multiple-entry Individual Visit Endorsements (multiple-entry endorsements). In this connection, will the Government inform this Council:

(1) whether it knows the differences in terms of scope between the study under the co-ordination of HKMAO and the Assessment Report on Hong Kong's Capacity to Receive Tourists completed by the Government at the end of last year; of the time that the Government plans to submit the relevant report to HKMAO, and the expected time for it to start the discussion with the mainland authorities on adjusting the number of mainland visitors visiting Hong Kong under the Individual Visit Scheme (IVS);

(2) as the Government indicated in its reply to a question raised by a Member of this Council in October 2012 that the authorities had not compiled any statistics on people engaged in parallel trading activities, whether the authorities have compiled such statistics at present; if they have not, how the authorities conduct studies on the impacts, on Hong Kong residents, of mainland residents visiting Hong Kong on the multiple-entry endorsements and engaging in parallel trading activities;

(3) whether it knows if the Shenzhen authorities have compiled any statistics on mainland residents engaged in parallel trading activities; if the Shenzhen authorities have such statistics, of the details; if it has not made any enquiry with the Shenzhen authorities about such information, the reasons for that;

(4) as the Secretary for Commerce and Economic Development indicated in his reply to a supplementary question raised by a Member of this Council on the 11th of this month that the Government had previously conducted a four-week survey during which 96.52 per cent of the mainland visitors visiting Hong Kong on the multiple-entry

endorsements only made one single trip into Hong Kong on the day of arrival (one trip per day), of the number of mainland visitors visiting Hong Kong on the multiple-entry endorsements each month in the past three years and, among them, the percentage of those who made one trip per day;

(5) whether it has assessed what specific impacts on Hong Kong's economy and employment, etc. which will be brought about by replacement of the multiple-entry endorsements by one trip per day endorsements; if it has assessed, of the outcome; if not, the reasons for that; and

(6) whether it has conducted studies on taking measures to first reduce the number of those mainland visitors to Hong Kong who have relatively less spending power, instead of substantially cutting the number of IVS arrivals across the board, so as to avoid causing excessive impacts on Hong Kong's economy and employment while at the same time alleviate the inconvenience caused by visitors to local residents in their daily lives; if it has conducted such studies, of the details; if not, the reasons for that?

Reply:

President,

The HKSAR Government is aware of the public concern about the impact of continuous growth in visitor arrivals on the livelihood of the community. In September 2012, the Chief Executive announced 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 Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) 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 concern 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 replies to the questions raised by Hon James Tien are as follows:

(1) The Assessment Report completed by the HKSAR Government at the end of last year aimed to assess Hong Kong's capacity to receive tourists in the medium term. The areas taken into account included the handling capacity of boundary control points, capacity of tourism attractions, receiving capacity of hotels, carrying capacity of public transport network, impact on the livelihood of the community, and economic impact, etc. In view of the continuous growth in visitor arrivals, the Assessment Report recommended that Hong Kong should enhance the capacity to receive tourists in different aspects. We are currently taking follow-up actions on various fronts in line with the recommendations in the Report, including the expansion of the two theme parks, the commissioning of the second berth of the Kai Tak Cruise Terminal, etc. We will also continue to adopt a multi-pronged approach to increase the supply of hotel rooms, with a view to fostering the long-term and stable development of our tourism industry.

We understand that the community is very concerned about the progress and outcome of the study on adjusting the growth in visitor arrivals and their composition. Therefore, we have been actively pressing ahead with the related work, including meeting with the Hong Kong and Macao Affairs Office of the State Council to exchange views and relay different views of the Hong Kong community on the Individual Visit Scheme (IVS) to the Central Government. The measures to fine-tune and improve the arrangements under the IVS are still being discussed and there is no conclusion reached at this stage. We will announce the outcome in detail at an appropriate timing.

(2) and (3) The HKSAR Government is very concerned about the nuisance of parallel trading activities caused to the daily lives of residents. Since September 2012, the law enforcement agencies have implemented a series of measures to improve order at train stations and boundary control points, as well as to uphold the daily lives of our residents. The HKSAR Government will continue to take targeted measures against parallel trading activities, including intelligence collection and exchange, joint operations, immigration control, etc., as well as enhancing co-operation with relevant Mainland authorities.

Those involved in parallel trading activities include both Hong Kong and Mainland residents, but the Administration does not have the relevant figures. Information

indicates that Mainland residents arrested in enforcement operations against parallel trading held various types of endorsements, including both single-entry and multiple-entry endorsements, and also endorsements for visiting relatives, business and individual visit. Besides, some of those arrested only entered Hong Kong once a day. Therefore, we cannot prove that a visitor is a parallel trader solely on the basis of the number of entries, otherwise visitors with genuine need to travel between Hong Kong and the Mainland more than once a day may be affected. In fact, the Immigration Department (ImmD) will target and examine visitors on the watch list of suspected parallel traders, and, if their purposes of visits are in doubt, will consider refusing their entry and repatriating them to the Mainland immediately. As at end May 2014, the ImmD has included information of more than 9 800 suspected parallel traders in the watch list and refused entry of some 16 000 persons.

(4) The monthly statistics of visitors travelling to Hong Kong on multiple-entry endorsements in the past three years are at Annex. The ImmD does not maintain the monthly statistics of Mainland visitors travelling on multiple-entry endorsements, who only made one single trip per day in the past three years, but according to the statistics provided by the ImmD, among the Mainland visitors travelling to Hong Kong on multiple-entry endorsements in the five months between November 2013 and March 2014, more than 96 per cent only made one single trip to Hong Kong on the day of arrival (one trip per day), and around 3 per cent made two trips (two trips per day) or more to Hong Kong on the day of arrival.

(5) In 2013, the average per capita spending by same-day visitors travelling on multiple-entry endorsements during their stay in Hong Kong was about \$2,220. If there is a reduction in the number of this type of visitors, the direct spending and employment opportunities brought about by these visitors for the relevant sectors in Hong Kong will drop correspondingly.

(6) The HKSAR Government understands that the continuous growth in visitor arrivals affects the livelihood of the community. At the same time, we are also aware that some members of the trade and the public are worried that a significant reduction in the number of visitors would impose an adverse impact on the employment market. Therefore, in conducting the study on visitor arrivals and their composition, we have to analyse objectively the impact of different adjustment measures on the employment market as well as Hong Kong's overall economy. We also encourage different sectors of the community to continue to seize the time to have extensive and serious discussions and give specific recommendations. The HKSAR Government will

continue to liaise and exchange views with the Central Government and relevant Mainland authorities, 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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