

LCQ2: Control on the number of visitors to Hong Kong

Following is a reply by the Secretary for Commerce and Economic Development, Mr Gregory So, to a question by the Hon Jeffrey Lam in the Legislative Council today (July 2):

Question:

It has been reported that at a meeting of the Commission on Strategic Development held last month, the Chief Executive raised the issue of reducing the number of mainland people visiting Hong Kong under the Individual Visit Scheme (IVS visitors) to seek the views of Commission members. In this connection, will the Government inform this Council:

(1) according to the studies conducted by the authorities, of the feasible ways to control the number of visitors to Hong Kong and the relevant details;

(2) whether it has assessed in detail the impacts of a reduction in the number of IVS visitors by 10 per cent to 30 per cent on Hong Kong's economy and people's livelihood; if it has, of the details; if not, the reasons for that; and

(3) given that the number of visitors to Hong Kong during this year's Labour Day Golden Week holidays has dropped as compared to that in the same period last year, and some members of the tourism industry have pointed out that there has been a downward trend in the spending power of visitors to Hong Kong in recent months, whether the authorities will, in response to these latest developments, revise its forecast on the number of visitors to Hong Kong and the contribution of IVS visitors to Hong Kong's economy for this year?

Reply:

President,

Tourism is an important pillar of Hong Kong's economy, accounting for 4.7 per cent of our Gross Domestic Product, of which 3.9 per cent is attributed to inbound tourism. On the other hand, the tourism industry also offers over 250 000 direct employment opportunities, of which around 220 000 are related to inbound tourism, and most of the jobs are for the grassroot and with relatively lower skill requirements. It can be seen

that inbound tourism contributes significantly to Hong Kong's economy and employment opportunities.

The HKSAR Government attaches great importance to the long-term and healthy development of Hong Kong's tourism industry. At the same time, we understand the community's concern about the impact of the continuous growth in visitor arrivals on people's livelihood. Therefore, we have been adopting a realistic and pragmatic attitude in handling tourism-related issues. Over the past period, the HKSAR Government has done much work on various fronts for this issue, which included an announcement by the Chief Executive 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. After that, the HKSAR Government also comprehensively assessed Hong Kong's capacity to receive tourists. Following the completion of the Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) at the end of last year, the HKSAR Government is making great efforts to enhance Hong Kong's capacity to receive tourists along the recommendations in the Assessment 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 steady development of our tourism industry.

The continuous growth in the number of visitors inevitably brings inconvenience to the daily lives of local residents (especially those living in individual districts). 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. On this, we have been listening to and gathering different views from different sectors of the community on the policy for Mainland visitors to visit Hong Kong over the past period. In the past one to two years, we have heard views from some members of the public advocating reduction of 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. We notice that, by making their proposals,

these people only aimed for a substantial reduction of the number of visitors, without analysing the impact of their proposals, if implemented, on the economy.

The HKSAR Government has all along been stressing that in considering the 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. Let me provide again 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. Therefore, in considering ways to adjust the growth in visitor arrivals, we should not only focus on the number. We must, at the same time, consider the composition of visitors, including the target of adjustment, the type of visitors, for example, whether we wish to reduce the number of overnight or same-day visitors, etc., so as to assess the related economic impact.

In the recent month, we began to receive more balanced views suggesting that we should not handle the problems arising from the number of Mainland visitors in an across-the-board manner. Among these views, some suggested that we should work on the multiple-entry Individual Visit Endorsements, including making adjustments to set the limit at "one trip per day", "certain trips per endorsement", etc. On the other hand, the Government announced earlier that the statistics of retail sales for April this year recorded the largest reduction since February 2009. In addition, there was also a drop in the number of Mainland visitor arrivals and Mainland inbound group tours during the Labour Day Holiday. All these developments have made some members of the trade very concerned about the impact of reduction in visitor arrivals on the retail market as well as the overall economy. According to some recent media reports, the owners of retail shops in some districts indicated that the visitor flow had reduced recently, and were worried that any adjustment in the number of visitors under the IVS would impact on their business. Meanwhile, the hotel trade suggested that the target of adjustment should not include high-spending overnight, business or leisure visitors; otherwise the impact on the hotel industry would be significant. It is exactly because of the examples mentioned above that we have to consider carefully the directions towards which to adjust the number of visitors and improve their composition.

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. The HKSAR Government met with the Hong Kong and Macao Affairs Office of the State Council on June 23 and relayed different views of the Hong Kong community on the IVS to the Central Government. The Central Government has heard the views of the Hong Kong community. 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. Therefore, we 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 and relay different views of the Hong Kong community 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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