

**First World Conference on Tourism Communications**  
**Roundtable Debate – Crisis Communications**  
**30 January 2004, Madrid, Spain**  
**Speech of the Permanent Secretary for Economic Development,**  
**Ms Sandra Lee**  
**(full version)**

Mr. Frangialli, Ladies and Gentlemen,

Risk and crisis management is now very much an issue for all of us in the tourism industry. We face new challenges every day: from accidents such as the recent aircraft tragedy, to acts of terrorism such as the hotel bombings last year; war in the Middle East to economic turmoil in Asia; natural disasters in South America to new diseases on a global scale. From Iran to the USA, China to the UK, all of us have to deal with events outside of our control.

My remarks today will focus on the Severe Acute Respiratory Syndrome or SARS and how Hong Kong responded to the crisis. I will briefly cover the key stages of our response with particular reference to the travel and tourism sectors. I will also describe the recovery plan and how this has been implemented.

Tourism Risk Management for the Asia Pacific Region

In the recently completed report on Tourism Risk Management for the Asia Pacific Region prepared by the APEC International Centre for Sustainable Tourism, Sir Frank MOORE wrote in the introduction:

“In times of crisis, for any tourist destination the first concern must be for visitors. Away from home, in unfamiliar surroundings, they are quickly disorientated and very reliant on their hosts and the host communities in general. Adequate planning for what has been seen as the ‘unexpected’ can be the difference between a well-managed problem and a human and economic disaster.”

Mr. Francesco FRANGIALLI said in his remarks that:

“...the strategies for reacting in a crisis and for recovering from it are remarkably similar from one tourism destination to another and from one crisis to the next.”

I might add that this is true for all crises and at all levels from the smallest company dealing with the loss of a key employee to governments responding to natural (or unnatural) disasters.

### The Stages of Reaction

In my view, there are basically three stages in every crisis – the initial reaction when the crisis emerges and the facts are unclear; the consolidation stage as the nature and extent of the crisis becomes clear and the relief work becomes more organized; and the recovery stage when the emphasis turns to helping those who survive the crisis and the focus is on the future.

### The SARS Crisis

In the same document, Peter De JONG the President and CEO of the Pacific Asia Travel Association (PATA) pointed out that:

“It took SARS to drive home just how economically dependant the countries of Asia Pacific were on travel for their wellbeing.”

I can easily illustrate this point by reference to Hong Kong.

For the first quarter of 2003, GDP growth in Hong Kong stood at 4.5% in real terms over a year earlier. However, the spread of SARS caused GDP in the second quarter of 2003 to fall to a 0.5% decline in real terms over a year earlier. The seasonally adjusted unemployment rate rose markedly, from 7.5% in the first quarter of 2003 to 8.6% in the second quarter.

The blow to inbound tourism and the travel-related sectors was most severe, particularly in April and May. From a positive 29% growth in visitor arrivals in the first two months of 2003, the number of visitor arrivals dropped substantially by 65% year-on-year (from 1.4 million in April 2002 to 490,000 in April 2003); and fell a further 68% (from 1.3 million in May 2002 to 430,000 in May 2003). Hotel occupancy rates in April and May plunged to 22% and 18% respectively, from a level of over 85% in the corresponding months of 2002.

What this meant in real terms is quite simple: from a vibrant and expanding sector prior to SARS the tourism industries were devastated. Hotels that had only recently had ‘full’ signs up now had no-one staying with them. Their F & B outlets were empty. Their shopping arcades deserted. Our Airlines cut flights and routes. Load factors fell as low as 20% from their previous high levels. Travel agents, shops, restaurants,

bars and many other businesses in the sector were closing down. Staff were put on no paid leave or worse as businesses downsized. In short the tourism sector faced ruin.

In response, the government quickly put in place a low interest loan guarantee scheme targeted at the tourism sector to help employers pay salaries and cover other operating expenses. We waived licence fees and reduced certain rates and charges. All designed to help cushion the effects of the crisis.

### Fear of the Unknown

SARS emerged as an unknown disease from an unknown source, with unknown methods of transmission and no known treatment. From a single index patient staying in a hotel in Hong Kong, the disease was spread to Canada, Vietnam, Singapore and eventually Europe and the USA. Hong Kong was faced with a nightmare situation: a disease that seemed to be very easily spread in a city with one of the highest population densities in the world. To compound the situation, Hong Kong is also one of the major gateways to China, in particular Guangdong where the SARS virus first emerged and is a major transportation hub in Asia with links to all corners of the Globe.

I do not want to describe in detail the medical response to SARS. There have been a number of detailed studies of this and anyone interested can access them on the Hong Kong Government's Department of Health website. Suffice to say that it took the concerted efforts of the World Health Organisation, the Hong Kong Government Department of Health, the Hospital Authority, and academics working together with overseas agencies such as the Centre for Disease Control to identify the virus and develop a treatment regime. The dedication, professionalism and care of our health workers was truly one of the best thing to come out of this situation. Unfortunately, even with all these efforts, eight medical staff were among the 300 people who died as a result of SARS in Hong Kong alone.

### Key Lessons

SARS, as many of you will be aware, emerged initially in Southern China at the end of 2002 with cases growing in number through to February 2003. Unfortunately, information on this new disease was not released in good time despite the fact that there had been rumours and indications of something unusual in Guangdong Province but no official confirmation that there was a major problem. Once the SARS was brought into Hong

Kong at the end of February 2003, it was too late to take steps to prepare and with the consequences that the disease was to have a far-reaching effect in Hong Kong and around the world.

This was the first real lesson: by not having access to accurate information we were not as prepared as we should have been and the situation quickly deteriorated.

Because the extent of the problem was not initially evident, the Government and the travel sector's initial reaction was to give reassurance to visitors and residents alike that there was little to worry about.

A classic example of this first stage was the handling of the Credit Suisse/First Boston Hong Kong Rugby Sevens. This is a major international sporting event, with 24 teams from all over the world. It has established itself as one of the pre-eminent events in the local calendar, attracting over 10,000 overseas visitors to Hong Kong in addition to the 25,000 local spectators. Scheduled to take place at the end of March 2003, just as the SARS situation started to deteriorate, the Hong Kong Rugby Union sought assistance from the Government to help them decide whether or not to cancel or in some way change the event. The Tourism Commission worked closely with the Department of Health and the Rugby Union to provide accurate information on what was known at that time about SARS. Detailed medical information was sent to all the participating teams to explain the situation before they arrived in Hong Kong for the tournament. At the start of the tournament the teams' management were briefed on the latest developments and steps were taken to protect the players from any risk of infection. Thanks to this direct and open approach, and even though three teams did pull out, these were replaced and the event went ahead successfully.

Through this experience, it became clear that there was a need to provide accurate information to our overseas contacts and, in particular, to the travel trade. A meeting was set up in early April at which travel trade representatives were briefed on SARS. This was followed by specific briefings for the hotel operators given their particularly important role in providing the most direct contact with visitors to Hong Kong.

At the same time, the Department of Health, in conjunction with the Tourism Commission and trade representatives, immediately started work on sector-specific health guidelines for hotels, the travel trade, airlines and transport companies. These guidelines covered relevant information as diverse as how to handle suspected cases for tour guides to hygiene for

kitchen staff. A checklist of actions to be taken in each sector supplemented the guidelines.

Beyond the sector-specific action, Government quickly put in place comprehensive screening procedures at all ports and entry points to Hong Kong. The objective was to try to ensure that travelers on arrival were basically healthy, give each one information on what they should do if they experienced symptoms of respiratory tract infection and to facilitate tracing should cases subsequently emerge.

In view of the uncertainty over how SARS was spread, Government also took action to suspend all schools and to conduct home confinement for all those who had been in close contact with SARS patients: not just medical staff but also family members and casual contacts.

It is true to say that Hong Kong went from a vibrant, energetic city to a city in fear in the space of a few days.

### Communication, Communication, Communication

It was clearly evident that the only way to deal with the panic that was starting to get a grip was to use every possible means to communicate to the public the situation accurately. Not only were traditional means such as daily press conferences and media briefings used but also emerging technologies were brought into play. At one stage, when rumours spread that there was an impending food shortage and the start of panic buying, SMS messages were sent out to all mobile phone users to assure them that there was no shortage of food and that there were adequate supplies to last months.

The importance of communicating the situation accurately to our overseas contacts was also recognised at an early stage. The Tourism Commission contacted the WTO to seek their assistance to disseminate relevant information to all member countries. The Hong Kong Tourism Board (HKTB) did the same with their contacts through PATA and also used their overseas offices to issue regular bulletins drawn up on the basis of information provided by the Department of Health. Even though the number of arrivals fell dramatically, it was important for the eventual recovery that our trade partners were informed of developments to establish the credibility of our messages.

## Recovery

Almost as soon as the SARS epidemic struck, work began on a recovery programme. For the tourism sector this took the form of a Tourism Coalition formed in early April. This followed a meeting between the Government, the HKTB and the trade at which the HKTB outlined proposals for a three-stage programme that would be drawn up ready to put into effect as soon as the WHO lifted the SARS advisory on Hong Kong. The objectives were simple: we needed to spread the message that Hong Kong was SARS-free, we needed to rebuild Hong Kong's image as a safe and attractive tourist destination and we needed to get people to travel.

The programme was supported by a multi-million dollar fund (US\$128 million, of which US\$53 million was allocated for the Tourism Comeback Campaign) set up by the Government as well as by industry contributions in the form of offers, give-aways and deals. For example, Cathay Pacific Airways gave away more than 10,000 free tickets for HKTB's promotion campaigns running through March 2004. The hotels came up with a two-for-one-offer whereby anyone checking in during the offer period would be entitled to a second stay free. Similar offers were made by the retail sector and even the domestic transport companies gave away free trips on their networks.

Central to the Campaign was a concerted effort to demonstrate that Hong Kong was back on track. This was done by organizing a series of familiarization visits for journalists and the travel trade, consumer and trade promotion events, and major events involving international stars such as the Real Madrid football team, and, of course, the Rolling Stones..

In the earliest stage, the emphasis was placed on rebuilding local confidence and encouraging local consumption. The tourism sector was at the forefront of this effort. Hotels gave discounts to local residents, tour companies offered new local tours at very attractive rates, even the bars and restaurants came together to encourage people to go out and start spending again.

In parallel, Government worked closely with the Mainland Authorities to open up new channels for Mainland visitors to access Hong Kong. On 28 July, the Mainland authorities introduced a new permit to allow individual travelers from eight cities in Guangdong plus Beijing and Shanghai to come to Hong Kong. This scheme had an immediate and dramatic impact on our situation. From arrival numbers of less than 430,000 in May, the number had jumped to nearly 1.7 million by the end of July and arrivals

have continued to grow. We now finish 2003 with 15.5 million visitors, a figure inconceivable back in April and May.

### Cooperation

This is the second critical lesson we have learnt: the response to a crisis will be more effective and the recovery more sustained if there is effective cooperation among all parties. In the case of SARS, this meant cooperation within the tourism industry in Hong Kong, cooperation between Hong Kong and China, and cooperation between Hong Kong and international bodies such as the WTO.

Indeed, one of the most important symbols of our recovery was the decision by the WTO and the BoAo Forum for Asia to hold a major tourism conference in Hong Kong in July. Under the title “International Cooperation for Tourism Development Under a New Paradigm: Revitalizing Tourism in Asia” the conference saw nearly 1000 delegates from all over the world coming to Hong Kong to discuss issues and exchange views on the revival of tourism in Asia. This event, perhaps as much as any other, helped to demonstrate directly to the travel and tourism world that Hong Kong was over SARS and back in business.

I want to take this opportunity once again to say a big ‘Thank You’ to the WTO for this vote of confidence in Hong Kong so soon after the SARS epidemic.

This was not the only event in which Hong Kong took an active part at the regional and international levels. We participated in the Asia Pacific Ministerial Summit on Crisis Management in June and attended the WTO General Assembly in Beijing in October.

Another example of our growing efforts to work with other destinations is the fact that during the year we signed two Memoranda of Understanding on tourism promotion, with the Philippines and Mainland China respectively. We have also stepped up joint marketing efforts with Guangdong and Macau.

There is no doubt in my mind with the increasing trend towards more restrictions on travel to certain destinations caused by the fear of terrorism and the growing preference for short break vacations that the future of tourism lies in intra regional travel. I also believe that Asia and particularly China will be the most important source market and destination for tourists in the next few years.

Hong Kong has already seen the effects of the growing liberalization of the China market spurred as much by the impact of SARS as by the growing affluence of the population.

### The Future

Recent news about the re-emergence of SARS in Guangdong has demonstrated clearly the need for constant vigilance. Hong Kong has maintained temperature checks and screening at the border over the last few months and has recently stepped up these measures. We have also boosted efforts to promote hygiene and healthy living: a high-level team chaired by our Chief Secretary has been formed to oversee efforts to clean up the city and promote health and hygiene among our local population. We have reviewed our sector specific guidelines and established a standing crisis management group within the tourism sector. This will meet every three months or more frequently as necessary.

On the medical side, a new Center for Disease will shortly be set up to ensure that Hong Kong is ready to tackle SARS or any other medical emergency in a more effective manner. New isolation wards have been created in our hospitals and staff training on the treatment and prevention of communicable disease has been stepped up. The supply of essential protective gear for medical and frontline staff has been improved and staff made familiar with the procedures for dealing with suspected cases.

### New Tourism Attraction

Beyond the prevention and treatment of medical emergencies, we are looking firmly to the future.

We are investing in new Tourism products, most notably the Hong Kong Disneyland, a new Cable Car system to open up Lantau Island and a new Wetland Park to showcase our natural heritage. We are redeveloping heritage sites and making them available to the public in a way that has not hitherto been possible. We are also upgrading our existing attractions to make them more suitable for the 21<sup>st</sup> Century.

We are monitoring closely private sector initiatives to develop new tourism products. For example, work is underway on new hotel developments that will result in there being some 12,000 additional hotel rooms in Hong Kong by the end of 2005.

We are also investing in training to ensure that we have people with the appropriate skill set available to the tourism industry in Hong Kong.

All these investments are intended to help the tourism industry grow in the years ahead. It is a clear sign of our confidence in the future of tourism and in the future of Hong Kong as a major destination in its own right and as 'Asia's World City'.

### Conclusion

It is clear that tourism as an industry is very vulnerable to events and crises that can occur locally or half way round the world.

SARS in particular demonstrated the importance of public health and hygiene and the need to ensure that destinations are 'safe'.

Strong leadership in conjunction with community effort is essential to the initial response to any crisis.

Accurate information on the crisis must be made available in a reliable and effective manner to combat the threat of rumor and panic. Such information that is available must be carefully considered and presented in a clear and unambiguous manner, if possible direct to the target audience. The news media is no longer the only or even the best means to communicate authoritative news.

Close liaison within Government, between Government and the trade and between Government and international bodies and organizations is essential to ensure that the key messages are also understood by the world at large.

Finally, it is essential to start to plan for the recovery even if the crisis is still underway. This not only provides an early opportunity to consider how to overcome the effects of the crisis but it also allows for those less directly involved in the crisis management to feel they can contribute to the solution in a way which may otherwise not be possible.

Thank you.

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