

Speech by Commissioner for Tourism at 2009 Hong Kong Tourism Overview
(English only)

Following is a speech by the Commissioner for Tourism, Miss Margaret Fong, at the 2009 Hong Kong Tourism Overview organised by the Hong Kong Tourism Board today (February 20):

Chairman (Mr James Tien), Mr (Anthony) Lau, friends from the travel trade, ladies and gentlemen,

I am delighted to have the opportunity to address so many of our industry partners today.

2008 was an eventful year for the tourism industry and the world. Our successful staging of the Olympic and Paralympic Equestrian Events put Hong Kong in the prestigious league of Olympic Cities and reinforced our quality image worldwide. Yet, the snowstorm on the Mainland and the Sichuan earthquake in the first half of 2008, the demonstrations in Thailand, the global financial crisis, and the ensuing credit crunch in the second half of year posed immense challenges for both our inbound and outbound market.

I am much encouraged to see the travel industry rising to these challenges with courage and conviction. We concluded 2008 with a growth of 4.7% in visitor arrivals and 4.6% in the per capita spending of overnight visitors. For outbound travel, the transaction volume of outbound tours exceeded \$10 billion, a level comparable to 2007.

In the coming year, we will continue to benefit from the series of measures to facilitate Mainland residents to visit Hong Kong. Earlier this month, the Mainland authorities extended the pilot scheme for Shenzhen non-permanent residents to visit Hong Kong in group tours to cover their parents and close relatives. This effectively increases the number of eligible people under the scheme by several million, up from a base of 5.8 million.

The Mainland also announced in December last year that eligible Shenzhen permanent residents will be allowed to visit Hong Kong multiple times within one year with a single Individual Visits Scheme endorsement. Furthermore, non-Shenzhen permanent residents will be allowed to apply for IVS endorsements in Shenzhen. We are closely liaising with the Mainland authorities to facilitate their early implementation.

These measures will open up new market sources for our industry but we must help the industry to address also the very immediate issue of challenges brought by the global financial crisis.

In December, the Government introduced the Special Loan Guarantee Scheme to provide about \$142 billion in liquidity to the commercial lending market, targeting SMEs in particular. The Tourism Board has also introduced a \$21 million package of support measures to assist trade partners to tide over the current economic difficulties and generate new business opportunities.

As the chairman has just pointed out, the Tourism Board has refined its marketing strategy to better capitalise on the growth of the Mainland market and selected short-haul markets in light of the macro environment. More resources will also be deployed to develop emerging markets, such as Russia, high potential visitor segments, and new marketing windows.

The Government will enter into a mutual visa-free access agreement with Russia in the very near future. When this is concluded, Hong Kong will become the first developed economy to grant visa-free access to Russians, providing a distinct edge for our travel trade in this vast market.

While the Government, the Tourism Board and the industry are busy responding to the immediate challenges in the global environment, we must not lose sight of the long-term development of Hong Kong as the premier destination in Asia.

So the question is - What is it that makes visitors want to come to Hong Kong? Our world-class airport, top-notch hotels, incredible dining and shopping offers, breath-taking skyline are all important ingredients. But to me, what keeps people coming back is the excitement, the electrifying energy you feel as you walk down our streets. Our visitors are attracted by the buzz that comes with being a cosmopolitan metropolis where style, sophistication and quality reign. We offer variety to meet every budget but everything bears the mark of quality. We need quality personnel to offer the best services, quality attractions both natural and man-made, quality entertainment both artistic and popular, but above all, the sense that you are in a place you want to tell your friends about, a place which has many faces all waiting to be discovered and enjoyed.

As we move forward, Hong Kong should focus on sectors that will enrich the international fabric and makes Hong Kong a cool place to visit. The development of

an iconic cruise terminal will be a move in the right direction. Preparatory work is progressing at full steam. We will be going to the Legislative Council to obtain funding for the site formation works before the summer so that construction can start this year, with the first berth commencing operation in 2013.

We will also raise the international profile of our many home-grown cultural and sports events to build up Hong Kong's position as the Events Capital of Asia. Our Chinese New Year Parade is listed by Lonely Planet and UK Times as a 'not-to-be missed' event. We want to see more of these events to make Hong Kong the coolest place on earth.

We will further step up our promotion on MICE. Last year we attracted more than one million MICE visitors from round the world. With the establishment of the Tourism Board's "Meetings and Exhibitions Hong Kong" office and the additional annual funding of \$30 million from the Government to strengthen MICE promotion, we expect to do even better this year.

We started the year with the welcome news of robust arrivals from the Mainland over the Lunar New Year period. This increase of 5.1% is especially impressive when viewed against international arrivals which dropped by 13.4%. The Mainland is and will remain a key source market for Hong Kong. We have done well in the last five years in making Hong Kong a preferred destination for our Mainland visitors. But with the whole world competing for the same body of visitors, and with the growing sophistication of our well-travelled Guangdong friends, we must do more. A Hong Kong that stands for quality and sophistication will excite not only our friends from the Mainland but also from round the globe.

2009 will be another challenging year. This forum is a good opportunity for us to ask ourselves how we can build on our strong fundamentals to sustain our position as a leading destination. The tourism sector has weathered many storms. With the vast opportunities offered by our hinterland, concerted efforts of the Government and the Tourism Board, and the ingenuity of our tourism experts, I have every confidence that the travel industry will sail through the turbulent waters and emerge stronger.

Thank you.

Ends/Friday, February 20, 2009

Issued at HKT 11:09