

LCQ4: Measures to boost the retail industry

Following is a question by the Hon Yim Kong and a reply by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, in the Legislative Council today (May 29):

Question:

In recent days, the Central Authorities have progressively introduced a number of new immigration policy measures which facilitate Mainland residents' travel to and from Hong Kong, including further expanding the Individual Visit Scheme to cover 59 cities and expanding the application of the "exit endorsement for talents travelling to and from Hong Kong and Macao" from the Guangdong-Hong Kong-Macao Greater Bay Area to Beijing and Shanghai. There are views that such policy measures will have positive effects on the recovery of Hong Kong's economy by bringing more Mainland residents to Hong Kong for spending. In this connection, will the Government inform this Council:

(1) whether it has assessed the current supply and demand situation of retail goods in Hong Kong that are more popular among Mainland visitors (such as pharmaceutical products, cosmetics and jewellery);

(2) as the Government has indicated in its reply to a question raised by a Member of this Council on the 8th of this month that it will continue to maintain close communication with the relevant Mainland authorities and strive for policy initiatives that are conducive to Hong Kong's tourism development, including raising the tax free threshold for shopping for Mainland visitors visiting Hong Kong, whether the Government has reached a certain consensus with the relevant Mainland authorities on raising the tax free threshold; if so, of the details; if not, the reasons for that; and

(3) whether it will consider planning for the establishment of a themed commercial complex to provide a retail spot specialised in goods that are popular among Mainland visitors at a boundary control point in the Northern Metropolis, so as to attract more Mainland visitors to come to Hong Kong for shopping and spending and facilitate their purchase of the goods they need in Hong Kong with the least time spent, thereby boosting Hong Kong's retail industry?

Reply:

President,

The Hong Kong Special Administrative Region Government (HKSARG) is sincerely grateful to the Central Government's announcement on May 11 for responding to the HKSARG's proposal on enhancing the Individual Visit Scheme

(IVS), which allows residents of eight additional cities to explore Hong Kong's unique appeals as a tourism destination more flexibly and conveniently. The IVS now covers 59 cities, including all provincial capitals which will boost the local tourism and other related industries. The Hong Kong Tourism Board (HKTB) is stepping up promotion work in the newly added cities and inviting representatives from the trade of relevant cities to come to Hong Kong to participate in promotional activities, thereby integrating the power of the trade to explore the relevant source markets.

At the same time, the HKSARG will join hands with the trade to implement the concept of "tourism is everywhere in Hong Kong", enhance the competitiveness of Hong Kong's tourism industry, fully explore Hong Kong's rich tourism resources, and draw on successful experiences from various places to enable innovative thinking and optimise policies. The HKSARG announced the calendar of mega events in Hong Kong for the second half of 2024 last week expecting that at least about 210 mega events will be held throughout this year. It is hoped that through sharing the event information with the trades, operators in different industries can make advance arrangement to prepare, plan and launch promotion, thereby fully seizing the business opportunities brought by mega events to create more diverse, rich and unique tourism experiences for tourists. The HKSARG will also actively facilitate the industry to continuously improve service quality and encourage the public to work together to show hospitality to make tourists feel at home, with a view to reinforcing and strengthening Hong Kong's position as the best tourism destination.

In respect of the question raised by the Hon Yim Kong, in consultation with the Census and Statistics Department and the Development Bureau, the reply is as follows:

(1) According to the Quarterly Survey of Employment and Vacancies conducted by the Census and Statistics Department, comparing December 2023 with December 2022, the number of establishments in the retail industry of jewellery, watches and clocks, and valuable gifts is about 3 600, increased slightly by 3 per cent while that of the medicines and cosmetics of the same period remained stable at approximately over 4 000.

On the demand side, according to information provided by the Census and Statistics Department and the HKTB, the total value of retail sales in Hong Kong in 2023 was \$406.6 billion while the total spending on goods in Hong Kong by visitors was \$71.3 billion, representing around 18 per cent of the total value of retail sales in Hong Kong.

In addition, according to the latest result of the HKTB's departing visitor survey, factors attracting Mainland tourists to visit Hong Kong have changed and the proportion of tourists whose main purpose of visiting Hong Kong is shopping has gradually decreased. Having said that, some tourists considered that Hong Kong still enjoys price advantages in terms of buying luxury goods. Besides, the fashionable style, good quality and authenticity guarantee makes goods in Hong Kong popular among Mainland tourists.

(2) Currently, according to relevant Mainland customs laws, the duty-free allowance for imported items for personal use by Mainland visitors (including visitors to Hong Kong) is RMB 5,000 per travel. Increasing duty-free allowance for Mainland visitors will not only enrich and enhance their experience in visiting Hong Kong and provide them with incentive to shop, but will also boost local consumption and help attract more high spending overnight visitors to come to Hong Kong. The Government will continue to maintain close communication with the relevant Mainland Authorities for policies and measures that are conducive to Hong Kong's tourism development, including increasing the duty-free allowance for Mainland visitors, thereby enhancing their consumption intention and further stimulating the retail market.

(3) In planning the Northern Metropolis, the Government will take into account the industry potential in different areas and the opportunities for industry collaboration with the Mainland in reserving land for industry development as appropriate. For instance, by leveraging the three land boundary control points (BCPs) in the Boundary Commerce and Industry Zone where Lo Wu, Man Kam To and Heung Yuen Wai are located, there is potential to develop leisure consumption related commerce near the BCPs to meet the needs for cross-boundary services and livelihood consumption. We will reserve commercial land capable of accommodating retail and leisure consumption industries near the BCPs, the details of which will be announced when the land use proposal of the New Territories North New Town is released in the second half of this year. Besides, Hung Shui Kiu/ Ha Tsuen New Development Area will enjoy the convenience brought by the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu to Qianhai section) in future, connecting to Qianhai area in Shenzhen. We will provide commercial land around the town centre railway station from 2026 onwards, contributing about one million square metres of commercial floor space in total, which may also accommodate retail and leisure consumption industries. Thank you President.