

**MAINLAND VISITORS AND
SUSTAINABLE TOURISM
IN HONG KONG**

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Executive Summary

1. In 2013, Hong Kong received a total of 54.3 million visitors that exceeded its population by seven times. Mainland arrivals accounted for 75% of the total, with more than half of them arriving under the Individual Visit Scheme (IVS).
2. The tourism industry contributes 4.7% to Hong Kong's gross domestic product, making it one of the four pillar economic sectors, after trading and logistics, financial services, and professional services and other producer services.
3. Among the top three inbound sources of tourists to Hong Kong, mainland China's share grew from 76% in 2003 to 91% in 2012, whereas the combined share of Taiwan and Japan shrank correspondingly from 24% to a mere 9% over the same period.
4. The surge of mainland arrivals in the city has sparked anxiety over the erosion of Hong Kong's local culture and way of life as well as over stiffer competition for scarce resources in the densely populated city.
5. Tensions intensified in February-March 2015 when small groups of Hong Kong protesters harassed mainland parallel traders (mainly day-trippers) in shopping malls in the New Territories.
6. A holistic view of tourist carrying capacity has to take into consideration physical carrying capacity of the host destination as well as the socio-cultural and environmental impacts of tourism.
7. In 2012, the spending of IVS visitors was 5.4% of GDP but the direct value-added generated was only 1.3% of the GDP. Tourist spending is weighted heavily towards retail trade, which has a low rate of value-added because most of the goods sold are imported.

8. The rising influx of mainland tourists has drastically transformed Hong Kong's retail landscape. From 2004 to 2013, the number of shops selling cosmetics and personal care products ballooned by 1,500% whereas the number of non-specialised stores and shops selling books, newspapers and sundries shrank by more than 25%.
9. More than 60% of Hong Kong residents polled in March 2014 felt that the IVS had caused inconvenience to their lives and 57.2% agreed that the IVS policy should be tightened. Another opinion poll conducted in June 2014 shows that 60% of respondents believed that the number of IVS arrivals should be reduced.
10. It appears that the economic benefits of the large inflow of mainland visitors have now been outweighed by its social costs or negative socio-cultural impacts.
11. Following the clashes between Hong Kong protesters and mainland visitors in the past months, Chief Executive Leung Chun-ying said the IVS scheme should be tightened given Hong Kong's limited capacity to receive additional tourists. From 13 April 2015, Shenzhen authorities have started to issue one-week-one-visit permits instead of multiple visit permits to residents visiting Hong Kong.