

## **FHKHO Recommendations for the 2025 Policy Address**

The Federation of Hong Kong Hotel Owners is pleased to submit our recommendations for the 2025 Policy Address Consultation. The global economy remains highly uncertain, and the hospitality and tourism industries are grappling with unprecedented challenges. Rising operating costs, labor shortages, and growing regional competition have created a difficult business environment for Hong Kong's hotel sector. Despite these challenges, we commend the Hong Kong SAR Government for its determined efforts and the Central Government for its strong support, which have laid the foundation for the recovery and revitalization of Hong Kong's tourism industry.

### **The Critical Role of the Hotel Industry**

The hotel industry has always been a vital pillar of Hong Kong's economy, contributing significantly to the city's reputation as a global destination for leisure, business, and culture. However, the current operating environment is exceptionally challenging, with escalating costs and severe workforce shortages hindering the sector's ability to recover and grow.

To maintain Hong Kong's competitiveness in the global tourism market, more proactive measures are required. The government should focus on optimizing the business environment by simplifying administrative processes, strengthening inter-departmental coordination, and reducing the burdens associated with licensing and renewals. Addressing manpower shortages must also be prioritized, as the high cost of recruitment and retention has placed immense pressure on the industry, making it increasingly difficult for businesses to operate effectively.

### **Pathways to Industry Recovery and Growth**

To attract high-value travelers, we recommend that the government invest in hosting and attracting major international events, conferences, and exhibitions to revitalize the MICE sector. Additionally, enhancing logistics and increasing airline capacity—such as restoring international routes and expanding flight services—will be crucial in reestablishing Hong Kong as an international tourism hub.

### **The Federation's Commitment**

The Federation of Hong Kong Hotel Owners remains fully committed to working collaboratively with the government to support the recovery and growth of the tourism and hospitality sectors. We will continue to uphold the highest standards of service, embrace innovation, and adapt to evolving market needs to deliver exceptional experiences to visitors from around the world.

We firmly believe that, through close cooperation between the government and industry stakeholders, Hong Kong can reaffirm its position as Asia's premier destination for tourism, business, and culture. Attached are our detailed recommendations for your consideration, and we look forward to contributing to the shared goal of building a more resilient and competitive future for Hong Kong.

## **I. Tourism Development and Nighttime Economy**

### **1. Revitalizing the Nighttime Economy**

- **Extend and Modernize “A Symphony of Lights”:**
  - Expand the current show to operate from 6:00 PM to 2:00 AM, incorporating 3D projections, dynamic lighting, interactive installations, and synchronized music.
  - Highlight local artists and Hong Kong's intellectual property to strengthen cultural identity and attract both residents and tourists.
  - Incorporate interactive light displays and themed light walks, similar to Vivid Sydney, Japan and France, along Victoria Harbour, Central, and Tsim Sha Tsui Park Lane Shopper's Boulevard. These paths should feature synchronized light shows, art projections, and public participation opportunities to boost foot traffic and local business.
  - Use energetic music to foster a vibrant atmosphere, encouraging visitors to stay out longer and spend more.
- **Cultural Festivals and Events:**
  - Host a multi-week nighttime festival featuring live music, culinary pop-ups, cultural performances, and large-scale collaborative art projects. Target venues such as Kai Tak Sports Park to attract international visitors and enhance nightlife.
  - Integrate food markets and pop-up restaurants with local and international cuisine to attract food enthusiasts and stimulate the local economy.
- **Community and Sustainability:**
  - Engage local communities in curating and running events to reflect cultural diversity and foster inclusivity.

- Implement eco-friendly initiatives such as renewable energy usage and waste reduction practices to position Hong Kong as an environmentally conscious tourism leader.
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## 2. Promoting Diverse Tourism Experiences

- Prioritize the “+Tourism” Directions:
  - Focus on “Sports+Tourism” and “Mega Events+Tourism” to attract international visitors and benefit hotels, retail, and F&B sectors.
  - Rejuvenate iconic attractions such as Victoria Harbour light shows with drone technology and creative concepts.
- Develop Specialized Travel Segments:
  - Promote eco-tourism, blue tourism, heritage tourism, and luxury travel to attract diverse visitor profiles.
  - Offer “Bleisure” (Business + Leisure) travel packages that combine business and leisure activities with targeted marketing campaigns and partnerships with local businesses.
  - Host international cultural festivals, student competitions, and academic tourism events to position Hong Kong as a global hub for cultural and educational tourism.
- Leverage Mega Events:
  - Proactively bid for international MICE (Meetings, Incentives, Conferences, and Exhibitions) events and rotating mega events such as A-list artist tours and elite sports competitions.
  - Provide logistical and financial support for overseas production companies to encourage filming and documentaries in Hong Kong, boosting “Film Tourism.”

## II. Taxation and Financial Incentives

### 1. Tax Relief and Incentives

- Hotel Sector Relief:
    - Temporarily waive or reduce the 3% Hotel Accommodation Tax to incentivize overnight stays.
    - Update the hotel ratable valuation system to reduce the financial burden on hotels and enhance rate exemptions.
    - Offer tax benefits for hotels adopting green technologies like renewable energy and waste reduction systems.
  - Visitor Spending Strategies:
    - Waive the HK\$200 per person arrival/departure tax to redirect spending within Hong Kong.
    - Create bundled hotel and event packages to promote overnight stays and boost spending.
  - Yacht and High-Net-Worth Incentives:
    - Provide tax exemptions for yacht purchases and club memberships to grow the yachting industry.
    - Introduce preferential tax schemes for high-net-worth individuals and their families to encourage investment.
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## III. Labor and Talent Development

### 1. Address Labor Shortages

- Expand and streamline the Enhanced Supplementary Labour Scheme (ESLS) to attract skilled hospitality professionals.
- Relax visa policies for student internships and skilled workers, with support programs to help them integrate into the local community.

- Simplify immigration procedures for training visas to reduce rejections.

## 2. Workforce Development

- Launch a Hospitality Talent Development Scheme in partnership with industry stakeholders to enhance skills in service excellence and digital tools.
- Offer government-subsidized training allowances and establish a Hospitality Technology Fund for new technology integration and training programs.
- Strengthen partnerships between the industry and educational institutions like VTC for specialized training programs.

## 3. Employee Wellbeing and Inclusivity

- Provide resources for mental health support and stress management workshops for frontline workers.
- Offer tax incentives for hotels implementing employee wellness programs.
- Promote diversity and inclusion by providing financial incentives for hiring ethnic minorities and people with disabilities.
- Launch a “Women in Hospitality” initiative to encourage female leadership in the industry.

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## IV. Infrastructure and Transportation Improvements

- Enhance Connectivity:
  - Improve high-speed rail and ferry services to the Greater Bay Area, creating seamless multi-destination travel and encouraging visitors to stay in Hong Kong hotels.
  - Expand ferry routes to underserved areas such as Tolo Harbour, Clear Water Bay, and Southern Hong Kong Island.
- Support Cruise Tourism:
  - Develop auxiliary support for cruise tourists, including transportation, cruise terminal services, and stopover day tours.

- Venue Accessibility:
    - Enhance transportation options for major event venues such as Kai Tak Sports Park to improve accessibility.
  - Airport Operations:
    - Revise aircraft parking fees at HKIA to maximize usage of the third runway and lower operational costs for long-haul flights.
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## V. Digital Transformation and Innovation

- Smart Tourism Initiatives:
    - Provide grants for hotels to adopt AI-powered booking platforms, contactless check-ins, and other digital tools.
    - Develop an integrated digital platform for tourists to access information and services seamlessly, positioning Hong Kong as a Smart City.
  - Leverage Local IP:
    - Promote Hong Kong's unique intellectual properties through tourism campaigns to boost cultural identity.
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## VI. Innovation and Sustainability

- Sustainable Practices:
  - Launch a Green Workforce Development Fund to train workers in sustainable practices.
  - Provide tax incentives for hotels achieving environmental certifications.
  - Encourage partnerships between hotels and NGOs for eco-tourism projects.
- Yacht Industry Development:
  - Establish a cross-departmental task force to simplify marina construction and support yacht industry development.

- Expedite marina expansions within existing typhoon shelters (e.g., Aberdeen Typhoon Shelter) to reduce construction costs and timelines.
- Develop a comprehensive yacht ecosystem including transactions, repair services, hospitality, and water sports facilities.

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## VII. Support for Local Businesses and SMEs

- Launch city-wide campaigns encouraging residents and tourists to shop and dine locally.
- Provide funding and training for SMEs in tourism and retail sectors to adopt e-commerce, digital marketing, and cashless payment systems.

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## VIII. Strengthening Hong Kong-ASEAN Ties

- Negotiate new trade and investment agreements with ASEAN countries.
- Host annual ASEAN cultural festivals, trade fairs, and business forums in Hong Kong.
- Establish an ASEAN-HK Tourism Promotion Board for joint marketing efforts.
- Vietnam Visa Relaxation Arrangement
  - Vietnamese outbound tourism is growing, with travelers seeking regional destinations.
  - Competing cities like Singapore and Bangkok have already tapped into this market by facilitating easier visa arrangements.

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## IX. F&B Sector Enhancements

- Extend F&B license renewal periods from 1 year to 3 years to reduce administrative burdens.
- Consider relaxing regulations to allow pets in designated restaurant areas, meeting growing demand for pet-friendly dining options.

## X. Enhancing the Southbound Travel Scheme and Individual Visit Scheme (IVS)

### 1. Southbound Travel Scheme via the Hong Kong-Zhuhai-Macau Bridge

- **Scheme Overview:** The Southbound Travel Scheme allows self-driving tourists from mainland China to enter Hong Kong, providing opportunities for longer stays and increased spending.
- **Suggested Measures:**
  - **Quota Expansion:** Gradually increase the daily quota to attract more self-driving tourists from Guangdong Province and nearby areas, boosting local spending on shopping, dining, and leisure.
  - **Hotel Support:** Hong Kong hotels are committed to providing parking spaces and curated itineraries for self-driving travelers.
  - **EV Charging Infrastructure:**
    - Align Hong Kong's EV charging infrastructure with that of the mainland to ensure compatibility for visiting vehicles.
    - Expand parking facilities at tourist hotspots and ensure adequate EV charging stations citywide.
    - Provide subsidies or incentives to hotels and businesses investing in EV charging stations and parking facilities.

### 2. Extension of the "Multiple-Entry Permit" Endorsement

- **Expand Scope:**
  - Extend the "multiple-entry permit" policy from Shenzhen to include four municipalities directly under the central government (Beijing, Shanghai, Chongqing, Tianjin), as well as Guangzhou and Zhuhai in Guangdong Province, to encourage more frequent visits to Hong Kong.
- **Address Visa-Free Disadvantages:**
  - Differentiate Hong Kong by emphasizing its proximity, unique cultural identity, and premium services, as mainland tourists enjoy visa-free access to over 50 countries.



## **XI. Low-Altitude Airspace Economy and Infrastructure Readiness**

- **Tourism Potential:**

- Introduce helicopter tours or drone-enabled guided experiences to offer breathtaking aerial views of Hong Kong's skyline, Victoria Harbour, and major landmarks, or even routes to the airport.
- Focus on areas like Kowloon Park and Tsim Sha Tsui, which offer high visual appeal from the air.

## **XII. Infrastructure Readiness and Visitor Capacity**

- **Hong Kong International Airport:**

- Highlight the operational readiness of the third runway at HKIA, enhancing capacity for international flights and supporting long-term tourism growth.
- Collaborate with airlines to resume and expand flight routes, addressing the slow recovery of international air traffic.

- **Collaboration with Shenzhen Airport:**

- Strengthen the synergy between Shenzhen and Hong Kong airports:
  - Position Shenzhen as the domestic hub for the Greater Bay Area (GBA).
  - Establish Hong Kong as the international gateway through joint planning and airspace optimization.

**The Federation of Hong Kong Hotel Owners**  
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