

25 August 2011

Mr Stanley Hui, JP  
Chief Executive Officer  
Airport Authority Hong Kong  
HKIA Tower, 1 Sky Plaza Road  
Hong Kong International Airport  
Lantau  
Hong Kong

Dear Stanley

### **Hong Kong International Airport Master Plan 2030 Consultation**

The Hong Kong General Chamber of Commerce (the Chamber) is pleased to submit its views on the future development of Hong Kong's International Airport. We support the development of transport infrastructure in the HKSAR, and in particular the capacity of our existing aviation facilities as outlined in the latest consultation document. Our highly efficient and well-connected airport plays a vital role in driving Hong Kong's economic growth, underpinning the city's role as one of Asia's leading financial centres. Alternative business centres in the Asia-Pacific region struggle to offer the deep and broad connectivity we take for granted. Non-stop flights to all Asian capital cities and most of the major secondary ones is a decided competitive advantage to our economy. But if we fail to act, expansion elsewhere in the region (e.g., Bangkok, Seoul, Singapore, and Mainland China cities) will erode our edge over time.

The Chamber understands that a number of key questions have been raised about the proposal to expand aviation facilities at the Chap Lap Kok International Airport, and would like to express our views in relation to those questions as follows:

#### **Does Hong Kong need additional capacity?**

Infrastructure planning demands forecasting beyond the immediate future to understand demand trends many years ahead. As such, planners typically take as a point of departure current trends, and apply scenarios to better anticipate developments in the marketplace. We take note of the options discussed in the consultation document, and agree that, under various scenarios there does, indeed, appear to be a need to expand our capacity to service passenger and cargo needs beyond even the most optimistic projections for wringing additional supply out of the existing aviation infrastructure.

At present, there are mixed long-term forecasts for the China economy that will be central to any decision we make. Optimists point to the past 30 years as evidence that China will become the world's largest economy in 10, 20 or more years. Pessimists expect demographics and environmental issues to curtail the very rapid pace of growth within a few years, but even they would admit that there is still room for growth in the transportation sector. The consultation's lower-end scenario envisages a doubling of demand within a decade (perhaps slightly longer). We believe this underpins arguments in favour of expanding Hong Kong's air transport capacity.

### **Does better air traffic collaboration in the PRD represent a better alternative?**

Examples of coordination among city airports are limited, although New York City, Tokyo, Taipei and others have some experience in this area. For the most part, passengers are not enthusiastic about dual airport arrangements, in part because of the usual need to change airlines and also poor ground connectivity between facilities. In the case of Hong Kong and another PRD airport (Shenzhen, Macau or Zhuhai), immigration, customs and quarantine requirements further complicate matters. In addition, air traffic control within the region is governed by multiple authorities. Each is subject to varied, if not wholly unique, regulations, development priorities, commercial interests and aspirations.

Collaboration is an admirable objective and one toward which we should be working. In particular, progress toward maximising coordination among air traffic control authorities should be among the highest priorities in the area of PRD transportation. However, given the challenges that Hong Kong and its regional partners need to overcome as noted in the preceding paragraph, we do not believe that it would be prudent to assume that cooperation within the PRD will provide sufficient, and sufficiently competitive solutions over the short-to-medium term. Hence, Hong Kong must plan for its own needs

### **Is the cost justifiable?**

The Chamber notes that the Hong Kong SAR Government holds in its fiscal reserves more than sufficient funds to pay for the expansion of CLK International Airport. As such, we do not expect this project to have any fiscal impact on Hong Kong taxpayers. Moreover, we strongly believe that the fiscal reserves are excessively large and under-utilised. Therefore, investing taxpayers' money in expanding Hong Kong's competitive offering should be a high priority.

### **How to address environmental concerns?**

It is in everyone's interest that the environment is properly protected. The business community is concerned about the environment too. Indeed, protecting the environment, in particular improving the air quality, is a goal that unites almost everyone in Hong Kong. We should therefore feel reassured by the Airport Authority's commitment to the environment and its pledge to "follow up on all associated environmental issues and their corresponding mitigation measures in full during future statutory procedures". The Chamber, as with many other organisations, supports full compliance with the EIA requirements in the course of implementing the airport expansion plan. At this stage, however, stakeholders should focus on whether Hong Kong needs a third runway at its international airport. After all, there is no inherent conflict between development and environmental protection.

**Do we have sufficient labour and skills for the project?**

In addition to major transport projects, the redevelopment of Kai Tak, expansion of the MTR and construction of the West Kowloon Cultural District are all proposed for the coming decade. Members in the industry tell us they are deeply concerned at the size of the labour pool available to bring these projects to fruition. We urge for appropriate and prompt government responses to those concerns.

**Conclusion**

The Chamber supports the expansion of aviation facilities at Chap Lap Kok International Airport. Both passenger and air cargo throughput are at the very heart of Hong Kong's prosperity. If we fail to allow sufficient extra capacity to be built at our airport, the effect will be to reduce economic growth, decrease employment opportunities, and undermine our overall competitiveness. We believe that environmental concerns should be properly addressed in the EIA process but the focus at this stage should be reaching a consensus on the need for a third runway.

Yours sincerely,

Anthony Wu  
Chairman