

## **HKIC Urges Urgent ‘Green Light’ For a Third Airport Runway**

(December 5, 2010) Hong Kong is a leading international and regional aviation centre – the Hong Kong International Airport (HKIA) is the busiest airport for cargo throughput and the third busiest airport for international passenger traffic in the world. However, this status is being challenged by fierce competition from neighbouring airports, and the fact that HKIA’s two runways will reach full capacity by 2017.

The Hong Kong Ideas Centre (HKIC) welcomes the soon-to-be completed feasibility study by the Airport Authority Hong Kong (AAHK) and its prospective launch of public consultation next year. At the same time, the HKIC calls for an urgent “green light” by the Government for the third runway, with decision based on full consideration of both public interests and environmental concerns as well as the critical problems being faced in maintaining Hong Kong’s status as a leading international and regional aviation hub and our overall competitiveness. To this end, HKIC looks forward to the understanding of the general public and environment protection supporters and their constructive inputs to the authorities in working out feasible solutions.

The details are included in an HKIC report which was released today (December 5, 2010) at a press conference. In attendance were Mr. Patrick Lau, HKIC’s Airport Study Group convener and former Director of the Lands Department; Mr. Albert Lam, former Director-General of Civil Aviation; and Professor Yeung Yue-man, Emeritus Professor of Geography at the Chinese University of Hong Kong and former member of the Consultative Committee for the New Airport Project (1991-98).

According to Mr. Albert Lam, “The timely completion of the third runway is crucial to capitalising on rapidly expanding regional markets, maintaining Hong Kong’s long-term economic competitiveness and fostering the local employment market.” He added that “The HKSARG should consult relevant industries and professions, environmental groups, as well as the public at large and make its decision as soon as possible.”

“Hong Kong’s present success as a leading international and regional aviation hub is a direct result of our timely and visionary decision in 1989 to build the new airport at Chek Lap Kok. Our continued prosperity has depended on this forward-looking investment decision, in addition to favourable regional and macroeconomic conditions,” said Professor Yeung Yue-man. “Now we’re in urgent need of another decision to invest into our future -- by building a third runway so that we can at least compete on near-equal footing with fast-moving and

rapidly-expanding competitors. The time to act is now -- any later Hong Kong will risk falling behind other leading airports in the region.”

### **The Aviation Industry: A Critical Factor to Hong Kong’s Success**

By facilitating the flow of people and trade, our aviation industry plays a crucial and leading role in promoting growth in the productivity, efficiency and competitiveness of the four pillars of Hong Kong’s economy: financial services, trading and logistics, tourism and exhibition, and producer and professional services. Aviation also facilitates educational, cultural and sports exchanges from around the globe.

In addition, Hong Kong’s comparative advantage in aviation has, to a large extent, contributed to make Hong Kong Asia’s second largest and the world’s fourth largest foreign direct investment recipient.

Adding runway capacity is an effective means of expanding air connectivity. Research has shown that a 10% rise in air connectivity, by adding runway capacity, will increase investment by 1.6% and boost productivity by 1.3%, with a total increase in GDP of 1.9%.

The aviation industry supports some 220,000 direct and indirect jobs in Hong Kong, equivalent to 8% of the total working population and contributing 8% of total GDP. With 60,000 people directly employed within its perimeter fence, HKIA is the largest single-site employer in the territory.

### **Strong Growth in the Asia-Pacific Region**

At present, HKIA operates at 93% of permitted runway capacity. Set against an average 6.5% annual growth of aircraft movement and taking into account all enhancement measures that would lift maximum runway capacity, the two runways at HKIA will be operating at full capacity by 2017.

Since the development of a new runway normally takes about 10 years from planning to completion, and barring any further delays, Hong Kong will still have to contend with at least four years of constrained and congested runway capacity (between 2017 – 2021).

It would be a serious mistake if Hong Kong does not strive to position itself as a crucial strategic part of the airport network of the Asia-Pacific region. It is estimated that both passenger and cargo traffic will rise 7% every year in the Asia-Pacific region. Even stronger growth is expected in the Mainland, where air traffic is expected to enjoy annual growth rate between 11% and 14% in the next 10 years.

Moreover, the private jet market in China is poised to take off in a big way with experts envisioning substantial annual growth of 25%, eventually surpassing the US as the world's largest private jet owners in 10 years.

### **Fierce Competition from Neighbouring Airports**

Leading airports across the Asia-Pacific region are enhancing their competitiveness by increasing runway capacity to capitalise on the growth of demand. In 2020, Seoul Incheon will complete its fourth runway whereas Kuala Lumpur will see the completion of five runways; meanwhile, airport expansion projects in Bangkok, Singapore, and Taipei are also underway.

In the Mainland, airports have also been expanding at a phenomenal rate. The mega hub at Beijing has surpassed Hong Kong in terms of total passenger traffic and aircraft movement while Shanghai Pudong airport is also set to open its fourth and the fifth runways in 2015.

Closer to Hong Kong, Guangzhou airport will increase the number of runways from two to five with flight movement reaching 600,000 by 2016 and passenger traffic reaching 93 million in 2017, doubling Hong Kong's present figures. Meanwhile, Shenzhen, with an expansion plan of building two new runways, is expected to overtake Hong Kong in five years in terms of flight movement, and in seven years in terms of overall passenger traffic.

“Given the intense competition now facing us, we contend that Hong Kong has to address the third runway issue with a sense of utmost urgency, otherwise our competitive advantage will be diminished,” said Mr. Patrick Lau. “In fact, the slow progress and the controversial disputes over developing a new runway at Tokyo's Narita Airport last century led to a rapid loss of its leading position as an aviation hub in the region.”

A full copy of the study report and HKIC's views are available online at the HKIC's website: [www.ideascentre.hk](http://www.ideascentre.hk)

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HONG KONG IDEAS CENTRE

Established in December 2008 by a group of devotees, Hong Kong Ideas Centre (HKIC) is an independent, apolitical non-profit organisation whose motto is - “Think and Build for the Future”. To help harness collective wisdom, the Centre’s objectives include: (1) increasing Hong Kong’s competitiveness, (2) promoting sustainable economic and social development, and (3) improving Hong Kong community’s quality of life.

Since its establishment, the HKIC has conducted a series of studies on various issues and made recommendations that promote Hong Kong’s economic and social well being. These include:

- 12 round-one measures to promote Hong Kong as an RMB settlement centre
- 15 round-two measures to promote Hong Kong as an RMB settlement centre
- 6 recommendations to develop Hong Kong into a Regional Hub of Quality Education
- 10 recommendations to promote Chinese Medicine in Hong Kong
- 11 recommendations to transform Hong Kong into a “Creative City”
- 10 recommendations to develop a green economy

**About HKIC’s Airport Study Group Members**

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