

**Panel on Transport Subcommittee on Matters Relating to Railways
Meeting on 14 May 2009**

**Views of The Hong Kong Construction Association, Ltd.
In respect of
The Hong Kong Section of
Guangzhou-Shenzhen-Hong Kong Express Rail Link Project**

Since our last submission to the Panel on Transport Subcommittee at the end of March 2009, the industry unemployment has risen sharply from 9.8% in Feb. 2009 to 11.2% in Mar. 2009. This is solid proof of the desperate situation of the construction industry. Lack of investment from both private developers and the Government's works departments are the root causes. HKCA has voiced out, in many occasions, our deepest concern of the state of our industry and have pressed for investment in infrastructure to keep Hong Kong competitive and attractive for investors and employers.

We fully appreciate the public expenditure funding approval systems and understand the Panel on Transport is doing its utmost to consider many railway issues. However these public work initiatives need to materialize before the local economy can reap the benefits. By endorsing the Guangzhou-Shenzhen-Hong Kong Express Rail Link Project now, the construction industry and the local economy can be given a fresh breath of hope. The regional express link project will no doubt, upon its completion, provide an effective channel to tap into the huge resources of China and bring about the much needed commercial activities that could make the local economy sustainable. This could well be a life-line for Hong Kong's future. However, even a decision now will not see a big impact on construction-industry jobs until the third quarter of 2010, such is the lead-in time for major projects. Every job in the construction industry feeds through the economy into additional local jobs in all the support industries such as local manufacturing, material suppliers, transport, food and catering, retailing etc.

These support industries are also suffering, unemployment for the transportation sector is resting at 5.5% and unemployment for import and export sector is at 4.6%. These figures are at their highest in many years and are expecting to further worsen in the immediate future.

The local economy depends upon investment. A lot of other countries are investing in infrastructure and construction to bring their economy out of the current recession and Hong Kong should be out in front. There are many projects on the drawing-board ready to go. It just requires foresight and decisive actions to put it all in place.

Hong Kong needs to complete the Hong Kong section of the express rail project in time to

match the construction activities of our mainland counterparts. We are renowned internationally for delivering our infrastructure projects on time. We all know that the Guangzhou-Shenzhen sections of the express rail are well underway and concerns are dealt with in the due process. We believe that we could still achieve this goal with the backing of the Panel by endorsing this project at the meeting and immediately.

HKCA - May 2009