



Airports Council International (ACI) Asia-Pacific

Views on Hong Kong International Airport Master Plan 2030

“ACI Supports the Expansion to Three-Runway System at Hong Kong International Airport”

This paper is submitted by Airports Council International (ACI) Asia-Pacific to the Legislative Council of the HKSAR for the Panel of Economic Development Meeting to be held on 19 July 2011 in reviewing of the Hong Kong International Airport Master Plan 2030.

About Airports Council International (ACI)

Established in 1991, ACI is the only association of the world's airports. ACI is a non-profit organization whose prime purpose is to advance the interests of airports and to promote professional excellence in airport management and operations. As the voice of the world's airports, ACI represents the collective positions of our members operating over 1650 airports worldwide.

ACI Asia-Pacific, one of the five ACI regions, is based in Hong Kong and represents the interest of 95 members who operate over 480 airports in the Asia-Pacific Region which spans the Middle East, former CIS States, the Indo-Pakistan subcontinent, Northeast and Southeast Asia, Oceania, the Pacific Islands and Hawaii.

Our Views

ACI for many years has highlighted the need for airports worldwide to build new capacity to meet an anticipated growing global traffic over the next decades. Airport congestion threatens to erode the role of airports as engines of economic growth, and their key role in underpinning global tourism, trade and investment flows.

ACI has applauded the decisions of some governments to move ahead boldly with plans for new infrastructure. With regard to the Hong Kong International Airport Master Plan 2030, ACI supports the option of Expansion to Three-Runway System at Hong Kong International Airport due to its importance to the long term economic and social

development of Hong Kong and the region. The expansion is vital to strengthen the airport's role as a major air passenger hub, and to consolidate its current position as the world's number one airport in terms of international cargo tonnage.

We wish to express the following views in support of the expansion to a three-runway system at Hong Kong International Airport:

1. Meet the anticipated growing global traffic

According to ACI Publication, *ACI Global Traffic Forecast 2009 – 2029*, published in 2011, the Asia and Pacific region is anticipating tremendous traffic growth which poses a challenge to the airports in the region. Global passenger traffic will reach 11 billion in 2029 and passenger traffic will grow by 4.1% per annum over the next 20 years. Total passenger traffic in Asia and Pacific region is expected to nearly quadruple from 1.2 billion passengers in 2009 to over 4 billion in 2029. The Asia and Pacific region will generate nearly 50% of all new global passenger demand over the next 20 years.

ACI believes that it is important for airports in the Asia and Pacific region to act promptly in response to the expected increase in traffic demand. It is essential that airports look into the traffic forecast and review its development plan with its local authorities and stakeholders to ensure there is enough capacity in its facilities to meet future demands.

2. Enhance airport revenues

As air traffic increases, airport revenues will also increase. Today, non-aeronautical revenues contribute a significant portion to airport revenues. According to *ACI Airport Economics Survey 2010*, non-aeronautical revenues contribute to average 46% of airport

revenues worldwide. The corresponding figure at airports such as Hong Kong can be as high as 60%. Although aeronautical operations are still the core business of every airport, airport income is decreasingly dependent on aircraft operations and increasingly derived from passengers and business activity in and around the airport. An airport with increased capacity will therefore generate significant amounts of revenue which will in return benefit the local economy and create new employment opportunities.

3. Contribute to local economy and employment

Airports play a key role in the economic growth of the local economy. They are invaluable assets for the communities they serve. An airport can help the city's economy (finance, trade and logistics and tourism) and society to develop its full economic potential and ensure stable growth, bolstering long-term business development and employment.

According to ACI findings, there are about 4 million employees employed to work on-site at airports. In 2010, airports worldwide handled well over 5 billion passengers. ACI calculates that on average for every 1 million additional passengers at an airport, and estimated 1,000 new jobs are created. Increased cargo activity has a correspondingly beneficial effect on employment.

4. Overcome the problem of scarce runway capacity

An airport with insufficient runway capacity will need to refuse requests from airlines to land and takeoff at the specified time slots or offer airlines with alternative slots at times inconvenient to passengers or the airlines. This has been the case for Narita airport in Japan and Heathrow airport in London for some time. As the remaining few slots are

being taken up, airlines will decrease frequency or even cancel the service on less profitable routes, reallocating their resources, i.e. aircraft fleet and crew, to the most profitable destinations. This could be detrimental to the competitiveness of the airport as a transport hub and the range of choices for the passengers as consumers of air transport service.

A congested runway system is also one of the major causes of air traffic delays and this can be a significant problem for the regional air transportation system. One may recall how the adverse weather in Europe and North America last winter caused severe flight delays at some very congested airports. A shortage of runway capacity at Hong Kong International Airport would have a similar impact in case of adverse weather.

5. Maintain Hong Kong International Airport's competitive edge

It is true that when transport systems are efficient, they provide economic and social opportunities which in turn benefits tourism, trade and investment flows. On the contrary, if transport systems have insufficient capacity, economic and social opportunities will be lost. Based on the examination of existing two-runway system at Hong Kong International Airport, the capacity of Hong Kong International Airport is expected to be saturated around 2020, reaching its capacity 20 years ahead of schedule of the original forecast. If we look at other nations within the region, we see aggressive strategies to build new infrastructure, particularly at Dubai and Abu Dhabi, which are trying to position themselves as future connecting hubs between Europe and the Pacific region. Failure to act now to increase capacity would erode the competitive status of Hong Kong as one of the world's leading air hub.

Conclusion

Airport development requires long lead times in dealing with the capacity issues. To remain competitive on the world arena, authorities will need a vision and a long-term plan. ACI encourages its airport members to advance the development of the aviation system and to act promptly and decisively to meet future challenges. Any delay may have detrimental effects on the country's economy and society. As the worldwide airports' association representing 95% of all airports, ACI is in support of airports maintaining and developing a safe, secure, viable aviation platform in a responsible and sustainable manner. *The third runway proposed for Hong Kong is precisely the type of bold decision which ACI supports.* ACI believes that this project will allow Hong Kong to keep up with the strong demand for international air services, particularly long-haul flights and strengthen Hong Kong International Airport's competitive edge in the region relative to airports in nearby countries. The project will also preserve Hong Kong International Airport's role as an important international gateway to China and will be a major catalyst for regional growth as well.

ACI fully supports the option of Expansion to Three-Runway System at Hong Kong International Airport which we are confident has had thorough consideration of various critical aspects, including the economic benefit, social development and environmental impact to the community of Hong Kong.

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