

**Building Hong Kong's Third Runway – the Earlier, the Better**

This year 2011 marks the beginning of the 12<sup>th</sup> Five-year Plan and also the beginning of the next 30 years of China's opening. To sustain Hong Kong's role to contribute to China's future economic growth, the new national planning document has highlighted Hong Kong's strengths as an international transport and logistics, financial, and trading hub. Hong Kong's competitiveness is premised heavily on its pivotal position as a transportation centre in both aviation and container traffic.

While Hong Kong's ranking as the world's leading container port was unrivalled until ten years ago, it is now behind Shanghai and Singapore in annual throughput of container traffic, with Shenzhen closing in to take the third position. Hong Kong is the world's third busiest airport in terms of international passenger traffic (50.9 million in 2010), the top airport in terms of freight (4.1 million tonnes), and 306,535 aircraft movements. The airport accounted for 220,000 jobs, or about 8% of the total working force (2007). However, HKIA (Hong Kong International Airport) is reaching 90% of its capacity in handling aircraft movements. At the growth rate of 7% for air traffic in the Asia-Pacific region and 11-14% for China in the next 10 years, Hong Kong is facing growing and stiff competition from airports in Asia-Pacific, especially in China. Unless Hong Kong acts now or in the near future, Hong Kong runs the real risk of losing its leading competitive position in aviation.

With HKIA seeing the rapid growth of traffic demand, it is estimated that its present 60 aircraft movements per hour will increase to 68 per hour by 2015. Full capacity will be reached by 2017, after which additional air traffic and passengers will have to be turned away. HKIA will be saturated by then. As a new runway will take 10 years to build, even a decision is made today to build the third runway. Hong Kong will have to turn away traffic and passengers after 2017 for at least four years. If Hong Kong does not act now, we shall surrender our envious leading position to other airports in the region. Hong Kong will also miss the phenomenal growth in regional and international traffic. It will also lose its dominant position of an aviation hub and a business centre.

Within the region, other airports have been actively expanding and improving to vie for the more traffic, passengers and cargo. All major airports (8 in all) have or are building 3 or more runways. Shanghai and Guangzhou will have 5 runways in their expansion plans. Already FedEx Asia-Pacific Hub has opened in Guangzhou since 2009, and UPS Asia-Pacific Hub has opened in Shenzhen in 2010. These global

leaders have decided to pick these airports in the Pearl River Delta over Hong Kong for their positive growth prospects. This is indicative of the kind of pressure Hong Kong has been and will be placed in competing with neighbouring airports.

Indeed, bitter lessons have been learned in other airports which, largely for political reasons, were prevented from building their third runway. The case of Narita in Tokyo is sobering for Hong Kong. In 1966 Tokyo had the plan to build 5 runways, but only one was opened in 1978. The second was opened in 2002, after considerable political opposition. The third runway possibility is essentially dead. London's Heathrow, a natural air hub in Europe, has painfully gone through a similar process. Its present two runways have long proven to be inadequate to meet growing demands. Consultation to build the third runway began in 1998 and after many years of consultation, the idea was shelved in 2010 by the new Conservative government. Both Tokyo and London by not building their third runway have, in effect, surrendered their leading air hub positions to other airports. Can Hong Kong afford to do the same, after already losing our leading position in container traffic? Hong Kong was not in the position to compete for more container traffic, but it is perfectly able to maintain its competitive strengths in aviation should the third runway be built.

The success of HKIA owes to a timely and crucial decision to build the replacement airport at Chek Lap Kok in 1989. It took 8 years to build from scratch and became a development legend of the 20<sup>th</sup> century. Hong Kong now enjoys the full support of China in its vital role as an aviation centre. Hong Kong needs to move with this vital support and to make another crucial decision this year to build the third runway. Public consultation with different stakeholders will take time and the earlier the process begins, the more timely will the third runway be built. Issues such as noise, air quality and marine ecology can be addressed. This year represents the 100<sup>th</sup> anniversary of the beginning of civil aviation in Hong Kong. What better way to mark this historical juncture by announcing the decision to build the third runway? Only that way will Hong Kong be able to fly into the future.

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