

HONG KONG HOTELS ASSOCIATION
POSITION ON KAI TAK PLANNING REVIEW

Hong Kong Hotels Association, on behalf of the hotel industry in Hong Kong, would like to reiterate its support for a new cruise terminal to be constructed and put into operation in Hong Kong as soon as possible.

The long delay in expanding existing cruise terminal facilities has already limited Hong Kong's opportunities and competitiveness in meeting the fast growing demands of international cruise line business, operating into and within Asia.

With Hong Kong being a natural port of call in the rapidly expanding cruise market in Asia and around the world, a continuing delay in expanding existing cruise terminal facilities in Hong Kong will not only affect Asia's total growth in international cruise line business but also benefit our competition around the region to capture additional cruise line business at the expense of Hong Kong.

The potential loss of economic benefits to Hong Kong's tourism, if a new cruise terminal is not built in Hong Kong, therefore carries heavy stakes for our industry and there is an immediate urgency to construct a new cruise terminal for completion in the nearest future. Furthermore, an anticipated announcement of our future plans on a new cruise terminal is being closely watched and monitored by the international cruise industry and it would be inconceivable to them if we had again failed to reach a conclusion.

While we have no particular position on the site selection of the new cruise terminal, there are three criteria that we would consider to be of importance to the selection of the new site and the Government proposal of the Kai Tak site broadly meets these criteria.

1. Accessibility and Convenience

The site has to be easily accessible and it should be in an area where the tourism industry could provide immediate service and support to cruise passengers. There should also be sufficient tourism infrastructure around the new site and convenient means of transportation, either existing and/or to be developed, to make it easy for cruise passengers to access and experience Hong Kong tourism's unique features and attractions.

2. Future Growth Potential in Facilities within a 30 Year Time Frame

The cruise business is likely to continue to grow at a fast rate in a 30 year time frame and what may appear to be sufficient today to meet future demands may quickly become inadequate. There is therefore the need to continue to enlarge and expand the available facilities at the new cruise terminal without having to resort to another new site selection in 10-15 years. The cruise business is one that grows more rapidly when the facilities are there to accommodate and promote new cruises and there is also a heavy backlog of potential cruise passengers wanting to experience different durations of cruises as a new means of tourism. This will happen more quickly when cruises become more affordable.

3. A Site That Is Distinctly Hong Kong

While some cities have chosen their sites away from the city centre, using apparently the same logic as their selection of airport sites, cities that have chosen their sites within the city center have fared better than those that have not and Vancouver is a good example. We need a site that is distinctly Hong Kong and with a stunning view of the harbour to project the best image of our city and give our cruise passengers the best value and experience. Cruise passengers are also more likely to be repeat visitors and they should be given the right experience when they arrive here and throughout their stay in Hong Kong to appreciate the true values of Hong Kong.

Finally, we have also considered the ownership and management of the new cruise terminal and would recommend that the best qualified investors and professional managers be engaged to provide the best possible operation of the new cruise terminal. With the cruise business being a highly competitive one and there is strong competition within the region for leadership, the ownership and management of the new cruise terminal must not fall short of being internationally competitive to earn its reputation as a potentially preferred hub for all international cruise operators to come to Hong Kong.

16th January, 2006