

## AIRLINE OPERATORS COMMITTEE HONG KONG INTERNATIONAL AIRPORT

### The Airline Operators' Committee stands firmly behind a third runway at HKIA

The Airline Operators Committee ("AOC-HKIA") is the sole body representing eighty three airline operators at the Hong Kong International Airport for the promotion of efficient operation, coordination and cooperation in airport matters between Airlines and the Airport Authority, Government Departments, and other airport operators to advance the principles and practices advocated by International Civil Aviation Organization ("ICAO") and International Air Transport Association ("IATA"). AOC-HKIA also interacts with Hong Kong Tourism Board ("HKTB"), Hong Kong Hotels Association ("HKHA"), Mass Transit Railways Corporation ("MTRC"), and all other bodies which have an interest in the efficient operation of Hong Kong International Airport.

The Airline Operators' Committee ("AOC-HKIA") wholeheartedly endorses option 2 of the HKIA Master Plan 2030 and believes in the face of looming capacity constraints, a third runway at HKIA is necessary to meet future demand.

### **Rapid growth in global aviation and capacity constraints of the current two-runway system**

Growth at HKIA has well exceeded expectations. 50.9M passengers and 4.1M tonnes of cargo were carried in 2010, setting new records. The 2030 master plan predicts that a total of 97M passengers will pass through HKIA in 2030 at a Compound annual growth rate (CAGR) of 3.2% and that the cargo volume will reach 8.9 million tonnes, CAGR 4.2%.<sup>1</sup> Traffic forecasts from both Boeing and Airbus predict a global traffic growth of around 5% a year and that Asia Pacific, driven by Chinese demand will be about 6%. Mainland international travel and cargo are expected to grow at 10.8% and 11.7% until 2014 and Hong Kong will see an increase of 6.7% and 12.2% in passenger and cargo growth over the same time period.<sup>2</sup>

Certainly the new midfield terminal will ease pressure on terminal and parking bay facilities and will enhance passenger services. Steps are also being taken to maximise runway movements with the current set up, however, as set out under Option 1 of the Master Plan, after 2020, HKIA will only be able to accommodate a marginal increase in flights.<sup>3</sup> Some estimates predict HKIA will reach full capacity well before this.

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<sup>1</sup> Hong Kong International Airport Master Plan 2030, AAHK (Date, 2011)

<sup>2</sup> Hong Kong Needs a Third Runway – Protect Connectivity with Sufficient Capacity, IATA (16 Feb, 2011)

<sup>3</sup> Hong Kong International Airport Master Plan 2030, AAHK (Date, 2011)

In short, to take advantage of the growth in Asia's aviation market, Hong Kong should not look to alleviate the capacity problem in the short-term but build a third runway to ensure HKIA can meet demand and maintain its status as a world class aviation hub.

#### **Dual Runway operational constraints**

Hong Kong has won many Skytrax awards in the last decade and is renowned as a leading aviation hub. The airport runs smoothly and efficiently yet even now, runway capacity is challenged at peak times. With the runways running at maximum capacity as they would under Option 1, there would be no margin for error meaning *On Time Performance* would be adversely affected which in turn has a knock on effect on the entire system. ATC delays would become more common and recovery from any irregularity such as a disruption caused by adverse weather would take longer due to the volume of movement. HKIA's ability to react to unusual circumstances and cope with disruptions without compromising traffic throughput would be reduced. The pressure would not just fall on ATC and on time performance; baggage transfer and passenger connections would also be adversely impacted, causing inconvenience to passengers and added expense to operating airlines. Hong Kong International Airport would become less efficient, therefore less attractive for passengers and airlines alike. Meanwhile, other transfer hubs in the region with reputations for smooth and efficient transfers would become a more attractive alternative. Once lost, it would be hard for HKIA to regain this reputation.

On the other hand, a third runway would enable airlines to improve the already impressive connectivity of HKIA by offering more frequencies and more destinations, benefiting both the airline operators and passengers. A capacity restraint would mean demand could not be met, prices would increase and airlines would be forced to choose alternatives to Hong Kong.

#### **Regional competition**

Hong Kong is facing competition from other airports in the region as they rapidly expand to meet the rising demand. In the PRD, Shenzhen operates with two runways and is looking to build a third; Guangzhou Baiyun has the potential to increase its capacity from two to five and in the greater region, Beijing, Shanghai, Bangkok, Taipei and Seoul are all expanding hubs. Hong Kong must take action immediately to ensure it remains a leading international and regional hub and doesn't lose its competitive edge.

#### **Economic benefits for the local economy**

Aviation facilitates the four pillars of HK's economy; finance, trade, logistics and tourism and professional services. These are all international industries that rely on good connectivity. Studies have shown the positive relationship between strong connectivity and foreign direct

investment, business opportunities and foreign trade with a 10% rise in air connectivity increasing business investment by 1.6%, productivity by 1.3% and GDP by 1.9%.<sup>4</sup>

In addition to this, the aviation industry supports 8% of the total working population of Hong Kong and 8% GDP.<sup>5</sup> The construction of the third runway will create a total contribution of Hk\$167B to Hong Kong's GDP and 340,000 in direct and indirect employment in 2030.<sup>6</sup> It is perhaps worth mentioning that the UK economy loses up to GB1.1 billion for each year that hub capacity is not expanded.<sup>7</sup>

### **Urgent need for a third runway – option 1 won't work**

The 3<sup>rd</sup> runway is the only viable way to ensure sustainable economic growth and for Hong Kong to maintain its competitive edge as a global and regional business hub. Delaying the decision will only cost money.

Option 1 is not viable; airport pairs in other parts of the world show that link-up solutions, such as connecting passengers between Hong Kong and Shenzhen, do not work. Passengers don't like it and will always choose a hub connection over two airports, in addition to the complications of Hong Kong and Shenzhen falling under different administrative systems, borders, currency and practices.

If slots become restricted, economic growth and aviation growth will be impeded and other hubs will take over. Therefore, it is fundamental that we act now to leverage on Hong Kong's geographical advantage, excellent connectivity and superior facilities to ensure Hong Kong continues to lead and grow.

In conclusion, a third runway is paramount to Hong Kong's role as a globally recognised financial, commercial, and services hub and is critical for Hong Kong's economy and future competitiveness.

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<sup>4</sup> Urgent Greenlight for Third Runway – Critical to Hong Kong's Future, Hong Kong Ideas Center (Dec, 2010)

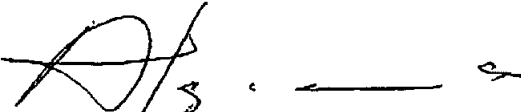
<sup>5</sup> Urgent Greenlight for Third Runway – Critical to Hong Kong's Future, Hong Kong Ideas Center (Dec, 2010)

<sup>6</sup> Hong Kong International Airport Master Plan 2030, AAHK (2011)

<sup>7</sup> Urgent Greenlight for Third Runway – Critical to Hong Kong's Future, Hong Kong Ideas Center (Dec, 2010)

**Stakeholder involvement in the public planning process**

The AOC supports AAHK in conducting a public consultation that engages the community, as well as the stakeholders actively participating in the planning process. Decisions must be professional and unbiased and take into account environmental and funding consideration.



Algernon Yau  
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