

Nuance-Watson (HK) Limited**HKIA Airport Development Position Paper for Legco Hearing (19 July 2011)**

1. Nuance-Watson fully supports the 3rd Runway expansion plan of HKIA that will **increase its capacity to meet future travel demands**. Being in the travel retail industry both in Asia and other parts of the world, we believe HKIA must continue to invest & provide additional capacity **to maintain its leading status as the international travel hub in the fast growing Asia Pacific region**. HK has to compete against other international Asia hub such as Singapore, Bangkok, Taipei, as all three are equally commercial & tourism destinations.
2. A world class airport with ample growth capacity is the bedrock to support HK strategic position: being a place to do business and meeting point of East & West. **All 4 strategic industries (Tourism, Logistics, Banking, Services) that sustain HK economic growth & provide jobs for the citizens, rely heavily on an efficient integrated transportation system of which a 1st class International Airport is the focal point.**
3. **We need to look at the opportunity cost if we do not maintain such position.** It should be noted that once airlines & logistic companies cannot find the capacity in a saturated airport, they will find another airport with the most capacity to grow and it will be very difficult for them to relocate afterwards. One can look at the Singapore Changi Airport, being the transit hub for Australia/ New Zealand, who are the key customers in both Singapore tourism and retail market.
4. **Beside business travelling & cargo movements, other international travelers will not utilize an inefficient & congested airport with limited connections.** HKIA won the international Skytrax Best Airport for many years for good customer services partly because of its efficiency and we are proud of this as a HK corporate citizen. Nuance-Watson has grown together with HKIA since its inception in 1998, where we have seen the passengers doubled & so do most commercial activities including travel retail. Currently Nuance-Watson operates

40 retail shops in both T1 & T2 of the airport and we employ close to 700 local citizens (the majority are residents in Western New Territories/ Lantau area). We also setup our Asia regional office in a TungChung office building, thereby contributing to the economic development of this community.

5. **An expanded HKIA will sustain the integrated solution for business and is an essential link in the air- sea- land transportation for Southern China, being the world factory when goods can be delivered to all the major markets via HK, and in turn bring passenger traffic and jobs to Hong Kong community as a whole.**
6. **Visitor spending have brought prosperity to the HK community for many years.** Contributing heavily to the development of the HK Hospitality, Parks and Entertainment Industry and the Retail & Food and Beverage businesses, providing extensive and sustained employment and wealth to the community. In 2008, Tourism contributed to 2.8% of HK GDP & employs over 197,000 HK citizens (5.6% of total employment), according to HK Tourism Board data.
7. **We would like to summarize that the 3rd runway will provide the added competitive advantage for HKIA as international hub / gateway to China in both passenger & cargos movement.** Regional head office will not setup their office in HK if there is no efficient air transportation means. Logistics companies will not be in HK as well to move million tons of cargo every year. Business & tourist travelers are essential customers of one of the key industry of HK: Tourism. Nuance-Watson & the travel retail industry play a key role in servicing millions of travelers in and out of HK, fulfilling their purchase needs of quality consumer products with a uniqueness in HK: no GST/VAT in both airport & downtown, thus excellence and efficiency must prevail.

We have to stress that the 3rd runway expansion is a project for our future generations. One would have to visualize the development & economic success of today HK and ask what if we were still at Kowloon Kai Tak with just 1 runway, what if there were no expansion in the MTR, no Cross Harbour Tunnels. If we did

not make those critical decisions in the 70-80's, how could we have gone on to face our younger HK citizen of today?

8. Finally we entrust our **HK Airport Authority will sustain their current policy of a green airport which was the foundation on which Hong Kong International Airport had been built back in the 90's, drawing a lot of interest and approbation from many international airports worldwide and users alike.**

Equally so we entrust that Airport Authority will strike a careful balance in the 3rd runway development with funding and environment factors.

• _____ •