

Legislative Council Economic Development Panel
Hong Kong International Airport Master Plan 2030 Consultation

The Hong Kong General Chamber of Commerce broadly supports the development of transport infrastructure in the SAR, and in particular the capacity of our existing aviation facilities as outlined in the latest consultation document. Our highly efficient and well-connected airport plays a vital role in driving Hong Kong's economic growth, underpinning the city's role as one of Asia's leading financial centres. It is this economic growth which is essential to the well-being of our community and provides us with the business opportunities we need to be successful.

There are, however, broader issues that need to be addressed. Our members are concerned that there does not appear to be a publically available comprehensive plan for transport connectivity within the Pearl River Delta and between the PRD and other regions. Instead, we are asked to consider individual plans such as airport development, high-speed rail lines and the Macau-Zhuhai bridge in isolation. This restricts our ability to provide useful comment.

Second, the environment is top-of-the-mind for the great majority of Hong Kong residents when considering development projects and government investment. In particular, and in consideration of the long lead-time needed for projects such as this, we would support benchmarking expected air quality indicators against the more stringent World Health Organisation guidelines. Settling this matter through a comprehensive Environmental Impact Assessment, before deciding whether to proceed or not, is the optimal way forward, but not one of the options available in this consultation.

Finally, there is the matter of labour and skills availability. In addition to the aforementioned transport projects, the redevelopment of Kai Tak, expansion of the MTR and construction of the West Kowloon Cultural District are all proposed for the coming decade. Members in the industry tell us they are deeply concerned at the size of the labour pool available to bring these projects to fruition.

Does Hong Kong need additional capacity?

Infrastructure planning demands forecasting beyond the immediate future to understand demand trends many years ahead. As such, planners typically take as a point of departure current trends, and apply scenarios to better anticipate developments in the marketplace. We take note of the options discussed in the consultation document, and agree that, under various scenarios there does, indeed, appear to be a need to expand our capacity to service passenger and cargo needs beyond even the most optimistic projections for wringing additional supply out of the existing aviation infrastructure.

At present, there are mixed long-term forecasts for the China economy that will be central to any decision we make. Optimists point to the past 30 years as evidence that China will become the world's largest economy in 10, 20 or more years. Pessimists expect demographics and environmental issues to curtail the very rapid pace of growth within a few years, but even they would admit that there is still room for growth in the transportation sector. The consultation's lower-end scenario envisages a doubling of demand within a decade (perhaps slightly longer). We believe this underpins arguments in favour of expanding Hong Kong's air transport capacity.

PRD collaboration

Examples of coordination among city airports is limited, although New York City, Tokyo, Taipei and others have some experience in this area. For the most part, passengers are not enthusiastic about dual airport arrangements, in part because of the usual need to change airlines and also poor ground connectivity between facilities.

In the case of Hong Kong and another PRD airport (Shenzhen, Macau or Zhuhai), immigration, customs and quarantine requirements further complicate matters. In addition, air traffic control within the region is governed by multiple authorities. Each is subject to varied, if not wholly unique, regulations, development priorities, commercial interests and aspirations.

We believe an optimal solution would see long-haul and regional flights allocated to different airports, but recognize that this is not, at present, a viable option. As noted above, the lack of a PRD-wide transportation infrastructure blueprint presents us with second-best choices.

Our conclusion, therefore, is that collaboration is an admirable objective and one toward which we should be working, hard. In particular, progress toward maximising coordination among air traffic control authorities should be among the highest priorities in the area of PRD transportation. However, we do not believe that it would be prudent to assume that cooperation within the PRD will provide sufficient, and sufficiently competitive solutions. Hence, Hong Kong must plan for its own needs.

Cost

The HKGCC notes that the Hong Kong SAR Government holds in its fiscal reserves more than sufficient funds to pay for the expansion of CLK International Airport. As such, we do not expect this project to have any fiscal impact on Hong Kong taxpayers. Moreover, we strongly believe that the fiscal reserves are excessively large and under-utilised. Therefore, investing taxpayers' money in expanding Hong Kong's competitive offering should be a high priority.

Further, we recognize and appreciate the value a world-class airport brings to the Hong Kong economy and that of the wider region. Alternative business centres in the Asia-Pacific region struggle to offer the deep and broad connectivity we take for granted. Non-stop flights to all Asian capital cities and most of the major secondary ones is a decided competitive advantage to our economy. If we fail to act, expansion elsewhere in the region (e.g., Bangkok, Seoul, Singapore and Taipei) will erode our edge over time.

Environmental concerns

We are concerned at the lack of a comprehensive Environmental Impact Assessment at this stage of the consultation, and at the notion that no such assessment can be conducted prior to a final decision as to which expansion option is selected. We believe that the decision to proceed with a project of this size and importance to our future should be built on a foundation of solid environmental impact assessment analysis.

Conclusion

The Hong Kong General Chamber of Commerce supports the expansion of aviation facilities at Chap Lap Kok International Airport as one of the better uses for taxpayers' money. We are

concerned about the environmental impact, and therefore would support undertaking a comprehensive EIA before deciding exactly how to proceed.

Provided that proper attention is paid to the currently unknown environmental impact, we believe that building the third runway is a critically important investment in Hong Kong's future. Both passenger and air cargo throughput are at the very heart of Hong Kong's prosperity. If we fail to allow sufficient extra capacity to be built at our airport, the effect will be to reduce economic growth, decrease employment opportunities, and undermine our overall competitiveness.