



Board of Airline Representatives Hong Kong
Submission to The Legislative Council Panel on Economic Development
On the Third Runway Project in the Hong Kong International Airport

Board of Airline Representatives of Hong Kong (BAR) is an industry body that represents 76 airlines with operations in Hong Kong and from all over the world.

The Hong Kong International Airport (HKIA) is one of the fastest growing airports in the world. In 2013, it was the world's leading airport for international freight, third largest for international passenger traffic after London and Dubai in the world, but the first in Asia.

According to Airport Authority of Hong Kong's annual report for 2013-2014, passenger volume and aircraft movements at HKIA set new records of 60.7 million and 377,476 movements respectively, representing year-on-year growth of 6.1% and 6.3%. Cargo throughput rose 3.4% to 4.2 million tonnes, sustaining the airport's status as the world's busiest cargo airport for the fourth consecutive year.

However, HKIA is a victim of its own success. The two-runway airport is now operating close to capacity. BAR fully supports the plan to build a third runway to maintain Hong Kong's status and competitive strength as a premier aviation hub.

We believe that Hong Kong's connectivity with the rest of the world is crucial in ensuring the city's longstanding position as an international centre of finance, trading, logistics, tourism and professional services.

Environmental Considerations

BAR welcomes the completion of the Environmental Impact Assessment study. Airlines are mindful of the impact the aviation industry has on the environment and have been doing a great deal to minimise its impact.

IATA has formulated a plan to reach a number of challenging targets including an average improvement in fuel efficiency of 1.5% annually from 2009 to 2020, a reduction in CO₂ emissions of 50% by 2050 (relative to 2005 levels) and to put a cap on aviation CO₂ emission from 2020, ("i.e. carbon neutral growth").

Home carriers of Hong Kong and many other airlines operating at HKIA have been making substantial investments in modern and environmentally friendly aircraft. Modern aircraft are 75% more fuel efficient and 20dB quieter than comparable aircraft four or five decades ago.

All new aircraft are in compliance with Chapter 4 standards. The noise footprint of a modern jet aircraft is 15% less than the aircraft it replaces.



BAR acknowledges the importance of achieving a balance between the environmental considerations and economic benefits of developing a new runway. We will continue to work with the authorities on the mitigation measures.

Capacity saturation

Our member airlines are also concerned with the capacity constraints issue at HKIA. BAR welcomes the authorities' initiative to increase the number of the landing/take-off slots during some peak hours from the current 65 to 68 by 2015, and to provide more parking bays through the construction of a mid-field terminal. However, these are just interim relief measures.

Insufficient capacity would hinder the growth of our member airlines operating to and from HKIA, and also limit effective service recovery after major flight disruptions such as typhoons. When neighbouring airports are actively expanding their airport infrastructure, the risk of airline traffic shifting from Hong Kong to these airports is very real. There is an urgent need to build a third runway to maintain hub status and competitiveness. The lead development time for a new runway will be at least 10 years, which means the airport will reach its capacity well before a third runway could be built.

Competition with PRD airports

Competition arising from the fast development of airports at the Pearl River Delta and the region is becoming increasingly fierce. We are seeing a third runway being developed at the Guangzhou airport this year with a second passenger terminal being planned. Its international network has also grown to some 120 routes. The Shenzhen airport is also actively considering the construction of a third runway.

In addition to the competition posed by airports in the PRD, we are also facing growing competition from other rapidly developing hubs in the wider region. For example, Singapore will have its third runway by 2020, while the airport in Seoul is planning to add a fifth runway.

The strong competition from other hubs makes investment in a third runway an urgent requirement if HKIA is to retain its pre-eminent hub status.

Summary

The building of a third runway at HKIA needs to be built is of the best interest of Hong Kong. Aviation is a significant contributor to the Hong Kong economy and provides ample employment opportunities. Any delay will have a negative impact on the Hong Kong economy and help rival hubs to grow which will be detrimental to the aviation industry in Hong Kong.

*BAR
June 2014*