



**China Aircraft Services Limited**  
**Submission to Legislative Council Panel on Economic Development**  
**on the Third Runway Project in the Hong Kong International Airport**

China Aircraft Services Limited (CASL) welcomes the third runway project in the Hong Kong International Airport (HKIA). As one of the major aircraft maintenance companies in Hong Kong, CASL offers a full range of aircraft maintenance services for over 70 international airlines at HKIA. Running 24 hours a day, our 1,000 staff is committed to deliver the highest quality of airport services including aircraft maintenance as well as cabin services and ground support equipment. CASL believes that the project is essential to maintain Hong Kong's long-term competitiveness and sustainable development.

**Growing Competition**

HKIA is one of the world's busiest cargo and passenger airports. Its strategic geographic location connects to half of the world's population in less than five flying hours. However, rivalry from nearby airports is challenging Hong Kong's status as an international aviation hub. Airport expansion plans or construction plans of new airport are being implemented in major cities such as Beijing, Guangzhou and Singapore. Facing fierce competition from the nearby airports, we must strive to improve the quality of aviation services and facilities, to cope with the increasing demand. Greater capacity for airport operations ensures Hong Kong can maintain its edge to be the aviation centre and fend off the competition from other neighbouring cities.

**Capacity Constraints**

During the fiscal year 2013/2014, passenger volume and aircraft movements at the HKIA set new records of 60.7 million and 377,476 movements respectively. Cargo throughput rose to 4.2 million tonnes. Figures revealed the rapidly growing air traffic market in Hong Kong. The existing two-runway system is expected to reach its practical maximum capacity sometime between 2019 and 2022. Nevertheless, HKIA estimated that the two runways would be close to saturation earlier than



anticipated, in 2016, due to the rising traffic need. This will result in a negative impact on the development of both logistics and tourism industries, and eventually diminish Hong Kong's overall competitiveness.

### **Economic Benefits**

Hong Kong is a free trade port and an international financial centre. Hong Kong's four pillar industries, i.e. financial services, trading and logistics, tourism and professional services, are our economic backbone. The role of HKIA is critical to ensure the sustainable development of the industries. Undoubtedly vital is it to expand the airport and build the third runway to retain HKIA's leading position.

The new runway brings economic benefits to local aviation industry and ultimately the whole economy. Aviation services providers, including aircraft maintenance, airlines, ground support equipment, cabin services, catering and retailing etc, will be benefited from the expansion of airport facilities. In addition, the construction period and operation of the three-runway system would generate 141,000 direct and around 199,000 indirect and induced jobs.

### **World-class Position for MRO services**

Safety is of paramount importance in the aviation industry and therefore aircraft maintenance serves as one of the most significant parts in the aviation value chain. Hong Kong is well-known for delivering comprehensive, fast and efficient aircraft maintenance services to airline operators. The city should build on this success to strengthen its leading position.

Hong Kong is facing the problem of aging population, which contributes to the shrinking labour force. As a result, the younger generation would demand for jobs with good prospect and high value-added. Aircraft maintenance is high value-added which Hong Kong could create more job opportunities for our future generation. It is expected to be a promising career due to the enormous growing potential of the aviation industry in China and Asia Pacific region.



### **Environmental Concerns**

Any construction project probably has certain impacts to the environment. Speaking on the long-term development of Hong Kong's economy, we reckon that appropriate airport expansion plan has to be implemented to reinforce Hong Kong's position as an international and regional aviation centre. Meanwhile, the potential environmental impacts brought by the construction should never be neglected.

The Environmental Impact Assessment report on the project illustrated the impacts in a variety of areas ranging from air quality, noise, water quality, waste, ecology, fisheries to health. The report also suggested different kinds of avoidance or mitigation measures in an effort to minimize the impacts caused.

### **Summary**

CASL supports the construction of the third runway at HKIA. As a service operator at HKIA, we realize that the airport requires more capacity. It is suggested that the project commence as soon as possible to ensure its sustainable economic growth and development for the years to come.

*China Aircraft Services Limited*

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