

**SUBMISSION FOR LEGCO PANEL ON ECONOMIC DEVELOPMENT
29 SEPTEMBER 2014**

Chairman, Honourable Members,

Thank you for the opportunity to speak to you on the Third Runway. Allow me to start by saying how impressed I am by the thoroughness with which the Airport Authority has approached the sensitive task of protecting Hong Kong's natural environment while constructing a third runway. I do not pretend to any expertise in this area; I propose therefore to confine my remarks to the subject of markets and jobs.

Markets are meeting places for buyers and sellers. They depend above all else on ease of access, or to use a more current term, on connectivity. Two facilities which I represent serve to illustrate the point in slightly different ways.

First, the Airport Freight Forwarding Centre; this provides warehouse and office accommodation for some 40 businesses. Together employ roughly 2,500 people on site. That figure does not include the drivers of goods vehicles who routinely shuttle in and out of the facility over 3,000 times a day and who move, on average, 75,000 tonnes of freight a month.

The ability of those businesses to continue to provide employment and to grow depends entirely on the ability of Hong Kong International Airport to maintain its status as Southern China's principal cargo hub. The airport is rapidly reaching capacity. Competition for both landing slots and parking bays is intensifying. When capacity is reached, new cargo will be diverted to other airports in the region, airports which would very much like to steal Hong Kong's hub status. Make no mistake; they will do us no favours; the business we lose will not come back. Retaining our hub status and all of the jobs generated by it, depends on our being able to meet demand.

The second facility that I would like to quote is the Hong Kong Business Aviation Centre. This occupies a tiny site towards the southwest end of the airport island, but it provides a base for some eighty business jets, together with hangars and office space for the army of specialist firms that manage and maintain them. HKBAC itself employs directly only about 120 staff, but it has created employment for some 1500 others in and around the airport: pilots and crew, maintenance engineers and technicians, tug drivers and ground handlers, aircraft managers and flight support staff. It has also helped to generate an estimated 15,000 jobs off-airport in the hotel, catering, limousine, laundry and related services. These are jobs which did not exist when the HKBAC began life sixteen years ago. And these figures ignore the business and investment which the entrepreneurs and bankers, who use business jets, bring with them to Hong Kong and the wider region.

From a standing-start, HKBAC, as HKIA's sub-contractor for handling high-end flights, has carved out a niche as the region's premier hub for business aviation. A key reason for its success has been HKIA's connectivity. As I said earlier, connectivity, ease of access, is what makes markets. It allows people to come together to do business, but it does not just happen. Creating jobs does not just happen. For both to happen, Government and the private sector must invest continuously in the infrastructure needed to retain and improve our competitive advantage.

It is the difference between running and standing still. We will never have the luxury of being able to stand still. We must keep running.

I thank you for your attention.