



The 1st Pan-Pearl River Delta Airport Cooperation & Development Forum

Mrs. Maggie Kwok
ACI Asia-Pacific Regional Director

郭杨美琪女士
国际机场协会亚太区总监

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Key Success Factors of Hub Development **发展枢纽机场成功因素**

Distinguished guests, ladies and gentlemen. Good morning.

Introduction of ACI, increasing influence at ICAO, Members in China

1. It is indeed my great pleasure to speak on behalf of Airports Council International Asia-Pacific Region in this first Pan-Pearl River Delta airport forum where aviation experts and professionals in the region all come together to review and develop strategy to foster co-operation among all industry players for a prosperous aviation development. Before I move-on, let me extend my deepest appreciation to Guangdong Airport Management Corporation for inviting me to attend the forum today.
2. Airports Council International, all known as ACI, was established 20 years ago. Being the 'voice of the world's airports', ACI is the only international organization representing the world's airports. Our mission is to advance the collective interests of the world's airport and promote professional excellence in airport management and operations.
3. Being a permanent observer at ICAO, ACI has been actively participating in various work groups and panels of ICAO. We have a dedicated Director to liaise with ICAO in the ICAO's Montreal office. Recently, we were honoured to have the participation of ICAO Secretary General Mr. Raymond Benjamin in our Annual Assembly in Sanya of Hainan. ACI will continue to work closely with ICAO and to enhance ACI's influence at ICAO so as to better address the critical issues facing the aviation community and defend the interests of our airport members.

4. ACI currently has over 1600 airport members in 177 countries and territories around the world, representing over 95% of the total air traffic globally. In China, we have 46 airports being our members including all the major airports : Beijing Capital International Airport, Guangzhou Baiyun International Airport, Hongqiao and Pudong international airports in Shanghai, Shenzhen Bao'ou International Airport and airports in Chengdu, Kunming , Hangzhou, Xi'an and Chongqing – all airports which handled over 10 million passengers annually are ACI members. Having said that, there are still 100 airports in China which have not joined our network. We sincerely hope that they can become our members so that we can have the opportunity to serve them.

5. ACI Asia-Pacific is dedicated to providing a platform for airports in China to increase their international exposure and to leverage the expertise of leading airports around the world. Many member airports have greatly benefited from joining our training programs and adopting the best practices ACI has developed. Moreover, we highly recommend airports to participate in the Airport Service Quality program, i.e. the world renowned ASQ program, which is an industry-wide program to help airports in their continuing efforts to improve their service as experienced by the passengers. Airports have the chance to learn the best practices as undertaken by the top-performing airports around the world. This is a very effective way for the airports to upgrade their service level so as to match up with the world's service standard as expected by the ever-demanding passengers of today.

Regional trend and Key Success Factors for hub development

6. The aviation industry faced lots of challenges in 2009 such as the global financial crisis, the outbreak of swine flu and continuing threat of terrorism. The recent recovery of the world's economy has been led by Asia-Pacific and it is reassuring that the latest traffic figures reflects strong rebound of passenger and cargo traffic for Asia-Pacific, ahead of the other regions of the world.

7. According to the latest traffic data for May 2010, all the major hub airports in Asia-Pacific and middle-east reported significant growth in passenger traffic. Just to name a few with double-digit growth: Beijing 32.7% up, Guangzhou 30.6% up, Hong Kong 15% up, Incheon 24.6% up, Kuala Lumpur 22.7% up, Singapore Changi 22.3% up, Narita 17.9% and Dubai 13.8%.

8. Over the last decade, the aviation industry in Asia-Pacific has seen rapid developments because of growing passenger and cargo traffic. More recently, we are also witnessing a few new airport projects and new terminal openings in the region such as: **Beijing Capital International Airport** opened T3 for the Olympic Games 2008, **New Delhi International Airport** just opened

T3 in earlier this month to provide added capacity to prepare for the upcoming Commonwealth Games, **Hangzhou Xiaoshan International Airport** opened T2 late last month, **Dubai World Central - Al Maktoum International** has also just kicked off the phase 1 of the long infrastructure development project .The new airport will be eventually transformed into the world's largest global gateway and a multi-modal logistics hub that plays an increasingly integral role in the ongoing economic and social development of Dubai.

9. All the well-known hub airports share a few common characteristics:

10. **Firstly, strategic geographical location:** take Hong Kong International Airport as an example. It is located at the heart of Asia and the gateway to China, South China in particular, that it covers half of the world's population within 5 hours of flying time. The dense population within a short span of flying time has made possible the rapid development of many air transport hubs in the Asia-Pacific region.

11. **Secondly, strong local and regional economy:** hub airports have the privilege of having a strong and dynamic local and regional economy which is able to provide the huge demand for passenger travelling and cargo shipping to support the development of originating and destination traffic upon which transfer connections can be built. Guangzhou has a strong industrial base with about US\$ 77 billion worth of export goods in 2009, a huge population base and a double digit growth in GDP in recent years all making Guangzhou Bai-yun International Airport potentially a significant hub for South China.

12. **Thirdly,** all hub airports have **strong home based carriers with extensive network.** Like at Incheon airport, Korean Air and Asiana Airlines together with 63 airlines are serving at the airport to 169 destinations. At Kuala Lumpur airport, Malaysia Airline is the home carrier and together with 60 airlines flying to over 90 destinations. At Changi, there are 80 international airlines including Singapore Airline to fly to over 200 destinations. At Hong Kong airport, Cathay Pacific and 90 other airlines are flying to 146 destinations. At Narita airport, Japan Airline and All Nippon Airways together with 75 airlines flying to 103 destinations

13. **Fourthly, capability to further expand to accommodate new demand.** The Beijing Capital airport opened the largest terminal in the world last year. Pudong airport opened T2 last year too and the Hongqiao airport's recently opened T2 have enabled the airports to handle the huge air traffic during the Shanghai Expo. Guangzhou Baiyun airport too has undertaken expansion plan to cope with the upcoming additional traffic at the Asian Game.

14. The hub airports not only have to deal with the surging traffic but also the arrival of the new jumbo-aircraft available on the market. Malaysia Airlines and Singapore Airlines are among the first to use Airbus A380 aircraft which can carry up to 550 passengers that the airports serving these airlines have to be flexible enough to accommodate the new mega-size aircrafts.

15. *Fifthly*, hub airports always come with a **well-planned terminal design** to enable an **efficient facilitation process for the transit passengers** and their baggage with the minimum connecting time even at peak traffic intervals. Moreover, the hub airports should have **sufficient capacity**, especially runway and airspace capacities, a safe, secure and environmentally sustainable operations as well as good customer service. ACI supports our members in all these important areas by providing them with training, guidance materials, benchmarking services and we do advocate airports' views in these areas too.

ACI's Position

16. **ACI advocates** that the government and regulatory bodies should adopt a **liberalization policy** to gradually open up more of the skies and to allow for less restriction of airspaces and traffic rights. While the aviation market in Asia-Pacific is relatively fragmented, ACI welcomes the recent agreement among ASEAN members to progressively open their skies although numerous challenges remain ahead.

17. The liberalization policy should also apply to enable more flexible airport and airline ownership models and ease of limitations on foreign ownership. **Economic oversight** should be appropriately applied **as light-handed a manner as possible**, balancing the interests of the public, key stakeholders and the airport operators.

18. Airports today are facing more competition than before, both in the markets of origination and destination as well as the transfer traffic. Improvements in various means of ground transportation make it much easier for passengers to choose which airports to fly from. Internet also allows passengers to pick the transfer hub that offers the lowest fare at the finger tips. Heavy handed regulation would stifle the development of aviation industry. Rather, it is more appropriate to allow a more market-oriented and commercial style of airport operations which will eventually benefit all stakeholders including the travelling public, the airlines and the airport operators.

19. *ACI also advocates minimal taxation on air transport* as we believe over-taxation will impede the development of air travel which practically affects the airport operators, airlines and eventually the travelling public. ACI endorses only those taxes on international air transport that are justified and non-discriminatory while we opposes those taxes imposed solely on air transport and used for non-aviation purposes.

20. Once again, I am greatly honored to be invited to attend this forum today. ACI Asia-Pacific is committed to fostering greater co-operation among airports and the aviation community in the Pan-Pearl River Delta region. We believe only through open dialogue and strong co-operation among all the relevant parties will enable an even more prosperous development for the aviation industry in the future.

21. Hope you will all enjoy the forum. Thank you.