

MESSAGE

Hong Kong is a leading international and regional civil aviation centre with a world-class airport and a well-developed aviation network. Our strength in air transport services contributes significantly to Hong Kong's success in trade, tourism and economic growth. To further enhance our competitiveness as an aviation centre we are, in partnership with the Airport Authority, improving our airport's facilities and services. We will continue to maintain a high standard of civil aviation management to ensure aviation safety. In addition, we have been working hard to expand Hong Kong's network of air services agreements and arrangements with aviation partners, and have concluded the Air Services Arrangement between the Mainland and the Hong Kong Special Administrative Region to allow the airlines of both sides to substantially increase services between Hong Kong and Mainland cities.



The port of Hong Kong is a key component in the freight transport network for Southern China and a significant contributor to the economy of Hong Kong. With the new opportunities afforded by logistics developments we will work together with the port, freight and logistics industries to improve the efficiency of our freight links to Southern China, enhance the competitiveness of our container port and explore intermodal opportunities between sea, air, road and rail links in the region. We will continue to build on the synergy between the port and shipping industries to consolidate Hong Kong's position as a world class port and regional and international shipping centre through streamlined procedures and reduced costs to attract shipping business to Hong Kong and to actively promote Hong Kong as an international shipping centre and world port.

A handwritten signature in black ink, appearing to read 'Sandra Lee'. The signature is fluid and cursive, written over a light background.

(Ms Sandra Lee)

Secretary for Economic Services

Air and Sea Transport

Policy Objective and Key Result Areas

AIR AND SEA TRANSPORT

Our Policy Objective is to develop our airport and port and promote Hong Kong as a major international and regional aviation, maritime and logistics centre.

Overall Targets

Our targets this year in pursuing this Policy Objective are –

- to enhance, in partnership with the Airport Authority (AA), the competitiveness of the Hong Kong International Airport (HKIA) and promote Hong Kong as an international and regional aviation centre
- to enhance the competitiveness of the Hong Kong container port and promote Hong Kong as an international shipping centre
- to strengthen Hong Kong's role as an international and regional transportation and logistics hub

Progress

We have regrouped our Policy Objectives. The following is a report of the progress made on initiatives on air and sea transport originally found under the 1999 Policy Objective on “Air and Sea Transport Infrastructure, Postal and Weather Information Services”. The progress report on initiatives related to postal and meteorological services originally found under the same 1999 Policy Objective Booklet are reported under the Policy Objective on “Energy, Postal Services, Meteorological Services and Competition”.

On air transport, with dual runway capability and the completion of the Northwest Concourse extension, flight movement capacity at our airport has been increased to 45 movements an hour in March 2000, more than meeting airlines' demand for runway slots at present. The concourse extension has increased the passenger terminal's capacity to 45 million passengers a year. The additional loading bridges have enabled 95% of all

flights to have direct access to the passenger terminal. To make the HKIA even more competitive, the AA has reduced landing and aircraft parking charges by 15% with effect from 1 January 2000, and landing and parking charges for helicopters by up to 80% with effect from 1 September 2000. To expand our air services network, we have conducted negotiations on four air services agreements and negotiated or reviewed air services arrangements with 15 aviation partners in the first nine months of this year. In respect of air cargo services in particular, we have been proactively implementing a liberal policy so as to further develop Hong Kong into an international and regional air cargo hub.

On sea transport, the final phase of the Tuen Mun River Trade Terminal was completed at the end of 1999 to meet double digit growth in this sector. Construction work for Container Terminal Nine (CT9) has commenced. The Port Development Strategy Review would provide a programme to promote port growth. In shipping, we are on course to expand the Hong Kong Shipping Register to 10 million Gross Register Tonnage (GRT) by the end of this year. We have negotiated three Avoidance of Double Taxation agreements for shipping and initiated discussion on 12 more agreements. The Port and Maritime Board has established a Committee for Logistics Service Development to study suitable measures to consolidate the role of Hong Kong as an international and regional air and sea transportation and logistics hub.

We have also achieved the following progress in our five Key Result Areas (KRAs).

1 Identify demand for facilities and services

The indicator used to measure progress in this area was the conduct of studies according to plan.

On air transport infrastructure, the AA started an air traffic forecast study in August 1999 as planned to provide an updated picture on Hong Kong's need for the relevant facilities and services. To ensure that facilities at the HKIA will meet the demands for future growth, the AA will start the Strategic Overview of Major Airport Developments study in October 2000. The study is expected to be completed in the second half of 2001.

On sea transport infrastructure, the port-backup facilities and land requirements study has been completed. An update of the Port Cargo Forecasts is underway in conjunction with two supporting studies to measure demand for bulk cargo facilities and ship replenishment services. Information from these studies will be integrated into a Port Development Strategy Review to be concluded in mid-2001.

2 Establish and maintain policy and regulatory framework

The indicators used to measure progress in this area were the extent to which our policy and regulatory framework for air and sea transport was able to meet the changing needs and the international standards and requirements, so as to consolidate our position as a transport hub.

On air transport infrastructure, the Civil Aviation (Insurance) Order was made in mid-2000 to expand the aircraft insurance requirement to require all civil aircraft, whether or not for hire and reward, to have insurance coverage for third party, passenger, baggage, cargo and mail liabilities. With authorisation by the Central People's Government, we have conducted negotiations on air services agreements with four new aviation partners so far in 2000. We have also concluded the Air Services Arrangement between the Mainland and the Hong Kong Special Administrative Region to allow the airlines of the two sides to substantially increase services between Hong Kong and Mainland cities.

As regards the sea transport regulatory framework, we have enacted the Merchant Shipping (Local Vessels) Ordinance, Cap. 548. We are in the process of enacting a number of subsidiary regulations to this ordinance to include the introduction of compulsory third party insurance for all local vessels. We are also achieving the target regarding Port State Control ship inspections, contributing towards improving international maritime safety.

3 Ensure provision of the necessary infrastructure

The indicators used to measure progress in this area were the adequacy of the capacity and facilities of the HKIA and the planning of projects to meet future demand.

On air transport infrastructure, the AA opened the Northwest Concourse in January 2000 and increased the passenger terminal's annual capacity from 35 million to 45 million. Runway capacity was increased from 40 to 45 movements per hour in March 2000. The AA and Civil Aviation Department have also identified helipad sites on the airport island to facilitate the development of helicopter services to and from the airport.

In respect of sea transport infrastructure to further improve facilities in the Public Cargo Working Areas, a second phase of management reforms is under discussion. This will support the expanded private sector barge handling facilities on Stonecutters Island, the Kwai Chung Container Terminals and at CT9 which is now under construction.

4 Promote Hong Kong as a centre for aviation and shipping

The indicators used to measure progress in this area were the number of passengers and cargo tonnage handled by the HKIA, the number of destinations linked to Hong Kong with air services, the number of airlines operating scheduled air services to and from Hong Kong, the number of twenty-foot equivalent units handled by the Hong Kong container port and the tonnage of the Hong Kong Shipping Register.

Hong Kong has continued to grow from strength to strength as an international and regional centre for civil aviation. In the first six months of 2000, the HKIA handled a total of 15.5 million passengers and 1.04 million tonnes of cargo representing increases of 12% and 19% respectively compared with the corresponding period in 1999. The HKIA also has high service standards. In an independent survey in mid-1999, over 90% of the respondents were satisfied with its services and facilities. To further enhance Hong Kong's position as an international and regional aviation centre, the AA has reduced aircraft landing and parking charges by 15% from 1 January 2000, and landing and parking charges for helicopters by up to 80% from 1 September 2000. The AA has awarded an operator franchise for a marine cargo terminal which is expected to be functional by early 2001. It has also invited investors to develop two logistics centres on the airport island. Separately, we have negotiated or reviewed air services arrangements with 15 partners in the first nine months of 2000.

To promote Hong Kong's port and shipping industry, we have launched a series of activities to enhance Hong Kong's position as a world class port and major international shipping centre. We have succeeded in increasing the attractiveness and tonnage of the Hong Kong Shipping Register which is now approaching 10 million GRT. In addition, a Hong Kong Port Promotion programme in the USA and Europe has helped to boost the port cargo throughput since 1999.

5 Promote safety and efficiency in air and sea transport

The indicators used to measure progress in this area were a comparison of the five-yearly average number of fatal accidents worldwide by Hong Kong-registered aircraft on scheduled service per million aircraft-kilometres with the global average compiled by the International Civil Aviation Organisation, and the annual number of vessel calls.

Hong Kong-registered aircraft continue to achieve a good safety standard in aviation. The initiatives put forward in the last two years for enhancing flight safety and efficiency are all making satisfactory progress. In 1999, there was no reportable accident of any Hong Kong-registered aircraft that involved death or serious personal injury. We have also been taking measures to improve our civil aviation management system on an on-going basis. On sea transport traffic safety, we have completed the Local Marine Traffic Centre at Kwai Chung and are upgrading equipment of the existing vessel traffic services system. The local marine traffic control station on Green Island has been redesigned as a virtual station comprising a closed-circuit television system for surveillance purposes. We have also increased the number of inspections of cargo handling and ship repair activities.

Progress on each previously announced initiative under the above KRAs is set out in the "Detailed Progress" section of this report.

Looking Forward

To achieve our overall targets this year, we will undertake the following initiatives and targets under each of the KRAs for the coming year.

1

Develop and promote Hong Kong's international air and sea transportation links and logistics facilities

A policy and regulatory framework for air and sea transport that is up-to-date and suits Hong Kong's circumstances is vital to our success as a transport hub of Asia.

To maintain Hong Kong as a centre of international and regional aviation, we will continue to introduce and review legislation and administrative arrangements to reflect international standards in civil aviation, including applicable requirements and recommended practices of the International Civil Aviation Organisation. Subject to authorisation from the Central People's Government, we will negotiate more air services agreements with new aviation partners to broaden the legal framework for development of air links. We will also review and progressively liberalise our air services arrangements with existing partners to facilitate the provision of services by airlines to meet demand.

To maintain Hong Kong as a safe port and an international shipping centre, we must have rules which ensure high standards of safety and best practice in the international shipping industry. Shipping conventions drawn up by the International Maritime Organisation and applied to Hong Kong as a major shipping centre are duly enshrined in local legislation. The local introduction of the International Safety Management Code for Shipping is in line with the requirements of the International Maritime Organisation.

We will continue to actively examine ways and introduce measures to take full advantage of the synergy between our airport and port.

We will assess our performance in respect of this KRA against the following indicators –

- The extent to which our policy and regulatory framework is able to meet Hong Kong's changing needs and international standards and requirements.
- The undertaking and completion of various activities and studies to strengthen and promote Hong Kong as an international transportation and logistics hub, in accordance with the targets.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative *	Target
<p>To strengthen Hong Kong’s position as a logistics hub <i>(Business and Services Promotion Unit)</i></p>	<p>To commission and complete a strategic study on logistics service development within 2001</p>
<p>To promote the attractions of Hong Kong as a logistics hub <i>(Port and Maritime Board)</i></p>	<p>To organise an international conference on logistics in Hong Kong and a promotional programme in 2001</p>
<p>To progressively expand the air services market through negotiating more air services agreements to broaden the legal framework for the development of air links, and negotiating or reviewing the traffic arrangements under these agreements to provide the detailed arrangements for airlines to introduce or expand services to meet demand <i>(Economic Services Bureau (ESB))</i></p>	<p>To conduct negotiations on at least five new air services agreements and to conduct negotiations or reviews on at least 15 traffic arrangements in 2001</p>
<p>To further strengthen Hong Kong’s air links with the Mainland <i>(ESB)</i></p>	<p>To commence reviewing the Air Services Arrangement between the Mainland and the Hong Kong Special Administrative Region in 2001</p>
<p>To promote the attraction of Hong Kong as a port by reducing tax liabilities of foreign shipping lines <i>(ESB)</i></p>	<p>To negotiate three Double Taxation Agreements on shipping profits with our business partners in 2001</p>

* the bracketed information denotes the agency with lead responsibility for the initiative

Hong Kong's status as an international and regional centre of civil aviation is a key element of our success as an international trade, finance, business and tourist centre. To maintain our position, it is important that we have a safe, secure, efficient and cost-effective airport.

Timely provision of the necessary infrastructure in line with users' demand is important for maintaining Hong Kong's position as an aviation centre. The Hong Kong International Airport (HKIA) provides increased capacity and has the potential for expansion to meet increases in demand. The Airport Authority will regularly review the need for additional facilities.

We will assess our performance in respect of this KRA against the following indicators –

- Passenger and cargo capacity that may be handled by the HKIA. Our target is to achieve long-term growth in capacity.
- Number of aircraft movements that may be handled by the HKIA. Our target is to increase progressively the number of movements.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
To review the adequacy of runway capacity under different modes of operation to meet traffic demand <i>(Civil Aviation Department)</i>	To complete a Runway Capacity Review in the second half of 2001
To maximise the development potential and commercial opportunities of the North Commercial District at the HKIA <i>(Airport Authority (AA))</i>	To complete the development of a master layout concept plan by the end of 2000

Initiative	Target
<p>To work out and prioritise the strategic options for major airport developments in future, such as the provision of additional cargo handling facilities</p> <p><i>(AA)</i></p>	<p>To complete the Strategic Overview of Major Airport Developments (SOMAD) study in the second half of 2001</p>
<p>To improve passenger terminal facilities and procedures for transfer/transit passengers and baggage</p> <p><i>(AA)</i></p>	<p>To identify and implement the improvement measures in conjunction with business partners by the end of 2001</p>

Hong Kong's status as a centre for shipping is a key element of our success as an international trade, finance, business and tourist centre. To maintain our position, it is important that we have a safe and efficient port.

Hong Kong is a major international port and shipping centre with over 6 000 companies employing some 55 000 people. In 1999, 37 570 ocean-going vessels and 175 300 river trade vessels visited Hong Kong. In the same year, Hong Kong handled 16.2 million twenty-foot equivalent units of containers. Promotion of Hong Kong is a key component to attract new shipping businesses.

We have re-organised the Port Development Board into a new Port and Maritime Board to provide a focal point to develop and implement initiatives to promote Hong Kong as an international shipping centre.

To improve the sea transport infrastructure, the planning and development of port facilities needs to be supported by sufficient roads, dredged channels and typhoon shelters. The Port Development Strategy Review sets out the programme for port facilities and supporting infrastructure based on the Port Cargo Forecasts. The Fourth Port Development Strategy Review is now in progress and will be completed in mid-2001.

We will assess our performance in respect of this KRA against the following indicators –

- Number of twenty-foot equivalent units handled by the Hong Kong container port. Our target is to achieve long term growth in containers handled in the port.
- Tonnage of the Hong Kong Shipping Register. Our target is to build up the size of the Register.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
<p>To examine whether our Bulk Cargo Facilities are adequate to meet market demand</p> <p><i>(Port and Maritime Board (PMB))</i></p>	<p>To complete a study on Bulk Cargo Facilities by the end of 2000</p>
<p>To examine whether Hong Kong has the capability to perform as a replenishment port</p> <p><i>(PMB)</i></p>	<p>To complete a study on the potential of Hong Kong as a replenishment port by the end of 2000</p>
<p>To examine the long term role and infrastructure requirements for the port</p> <p><i>(PMB)</i></p>	<p>To complete the Fourth Port Development Strategy Review in the light of the findings of the Port Cargo Forecasts in 2001</p>

The importance of aviation safety cannot be overstated. We have put in place an effective system of monitoring Hong Kong-registered aircraft and their operators as well as maintenance organisations to ensure compliance with relevant international standards and practices. In addition, we have an efficient air traffic control system and have established effective communications with Mainland Authorities on air traffic control matters, including exchange visit programmes for air traffic controllers of the two places to facilitate sharing of operational experience. We will continue to maintain our high standard of civil aviation management to ensure aviation safety.

We will assess our performance in respect of this KRA against the following indicators –

- Five-yearly average number of fatal accidents worldwide by Hong Kong-registered aircraft on scheduled service per million aircraft-kilometres, as compared with the global average compiled by the International Civil Aviation Organisation. Our target is to maintain a good safety record of Hong Kong-registered aircraft.
- The extent to which our civil aviation management system can meet the needs of Hong Kong as an international and regional civil aviation centre. Our target is to maintain a high standard of civil aviation management to ensure aviation safety.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
To enhance safety standards of Hong Kong-registered aircraft and their operators <i>(Civil Aviation Department (CAD))</i>	To complete in 2001 the reviews on the existing safety oversight system for the implementation of International Civil Aviation Organisation standards and recommended practices in the areas of personnel licensing, operation and airworthiness of Hong Kong-registered aircraft and their operators
To enhance and improve the air traffic control services provided by CAD <i>(CAD)</i>	To complete implementation of enhancement measures, including stepping up the monitoring of work standards of air traffic controllers, strengthening the supervision of air traffic control operations and enhancing training management, by March 2002

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Promote safety and efficiency in maritime transport

We will promote safe and efficient management of shipping services through the provision of an efficient vessel traffic control system, and dissemination of safe practices to seafarers on how to participate in the system and observe regulatory control.

We will assess our performance in respect of this KRA against the following indicator –

- The annual number of vessel calls. Our target is to achieve long term growth in vessel calls at the port.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
To assist developing countries enhance their maritime safety standards <i>(Marine Department (MD))</i>	To arrange one or two training courses annually for marine administrators from developing countries in co-operation with the International Maritime Organisation (IMO) in Hong Kong
To fulfil our obligation to the IMO on training and certification of Vessel Traffic Regulators <i>(MD)</i>	To complete the accreditation of the training and certification facility in 2001
To modernise and rationalise the aids to navigation in the waters of Hong Kong <i>(MD)</i>	To complete the programme in 2003

Initiative	Target
<p>To increase the efficiency and cost-effectiveness of maintaining the government fleet</p> <p><i>(MD)</i></p>	<p>To complete a management study on the Government Dockyard's maintenance activities in 2001</p>
<p>To contract out to private operators the provision of launches required for patrolling purposes</p> <p><i>(MD)</i></p>	<p>As a pilot scheme for evaluation, two commercial vessels are to be hired and used as patrol launches in 2001-2002</p>
<p>To establish a Pre-arrival Notification system for all Mainland coastal vessels</p> <p><i>(MD)</i></p>	<p>To implement the system in 2001</p>

Air and Sea Transport

Detailed Progress

1

Identify demand for facilities and services

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative *	Target #	Present Position +
To conduct an air traffic forecast study <i>(Airport Authority)</i>	To complete the study by early 2000 <i>(1999)</i>	The study was completed in March 2000. <i>(Action Completed)</i>
To conduct an update Port Cargo Forecast Study <i>(Port and Maritime Board (PMB))</i>	To start the study in 2000 <i>(1999)</i>	The study commenced in April 2000. <i>(Action Completed)</i>
To conduct a study of port-backup facilities and land requirements <i>(PMB)</i>	To complete the study in early 1999 <i>(1998)</i>	The study commenced in July 1998 and was completed in September 2000. <i>(Action Completed)</i>

* the bracketed information denotes the agency with lead responsibility for the initiative

the bracketed information denotes the year in which the target was set

+ the bracketed information denotes the status of the target

2

Establish and maintain policy and regulatory framework

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To negotiate more air services agreements subject to authorisation by the Central People's Government to expand Hong Kong's air services network</p> <p><i>(Economic Services Bureau (ESB))</i></p>	<ul style="list-style-type: none"> ● To conduct negotiations on at least five new agreements in 2000 in response to market demand <i>(1999)</i> ● To conduct negotiations on at least five new agreements in 1999 in response to market demand <i>(1998)</i> 	<ul style="list-style-type: none"> ● We have conducted negotiations on four new air services agreements so far in 2000. <i>(Action in Progress: On Schedule)</i> ● We conducted negotiations on five new air services agreements in 1999. <i>(Action Completed)</i>
<p>To enhance the Port State Control implementation in accordance with the Tokyo Memorandum of Understanding to discourage sub-standard ships using the port of Hong Kong</p> <p><i>(Marine Department)</i></p>	<p>To increase the number of ship inspections by 15% to 915 in 1999 <i>(1998)</i></p>	<p>The target was achieved in 1999. <i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To work out arrangements with the Central People's Government for air services with other parts of the Mainland in accordance with the Basic Law</p> <p><i>(ESB)</i></p>	<p>To work out a framework and detailed arrangements for air services with the Mainland in 1999</p> <p><i>(1997)</i></p>	<p>We reached agreement with the Central People's Government on the applicable framework and arrangements in 1999.</p> <p><i>(Action Completed)</i></p>

3

Ensure provision of the necessary infrastructure

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
To enhance dual runway mode of operation to increase capacity <i>(Civil Aviation Department (CAD))</i>	To achieve a declared runway capacity of 40 movements per hour by end-1999 and to progressively increase it to 50 movements per hour by 2001 <i>(1999)</i>	The number of runway slots was increased to 40 in October 1999 and 45 in March 2000. The capacity will be increased progressively to 50 movements per hour in 2001. <i>(Action in Progress: On Schedule)</i>
To conduct a study on the provision of helipad facilities at Chek Lap Kok <i>(Airport Authority (AA)/CAD)</i>	To complete the study in 2000 <i>(1999)</i>	The study was completed in May 2000. <i>(Action Completed)</i>
To review the need for additional aircraft parking facilities at the new Hong Kong International Airport <i>(AA)</i>	To complete a review of the need for additional aircraft parking stands in 1999 <i>(1998)</i>	The review was completed in December 1999. <i>(Action Completed)</i>

Initiative	Target	Present Position
<p>To build a typhoon shelter at Peng Chau <i>(Marine Department (MD))</i></p>	<p>To seek funds for Environmental Impact Assessment (EIA) study by mid-1999 <i>(1998)</i></p>	<p>The relevant District Council has been consulted. In the light of the consultation, the requirements for a Typhoon Shelter at Peng Chau was reviewed. After the review, it was decided that the priority should be given to building a shelter at Siu Lam. The Peng Chau project has been downgraded to Category C by the Civil Engineering Department. <i>(Action in Progress: Under Review)</i></p>
<p>To build a typhoon shelter at Siu Lam, Tuen Mun <i>(MD)</i></p>	<p>To seek funds for EIA study in 1999 <i>(1998)</i></p>	<p>A comprehensive review of typhoon shelters space requirement for the whole territory has been carried out shortly after consultation with the relevant District Council. The review updates indicated that the typhoon shelter will be required around 2011 and the fundings may be sought later. Typhoon shelter requirements will be further updated in 2001 as part of the Port Development Strategy Review exercise. <i>(Action in Progress: Under Review)</i></p>

Initiative	Target	Present Position
<p>To continue the search for land for cargo back-up services to support the operation of the port, including 6.7 hectares on Stonecutters Island</p> <p><i>(Economic Services Bureau)</i></p>	<p>To review demand for mid-stream facilities by end-1999</p> <p><i>(1995)</i></p>	<p>The Stonecutters mid-stream site was leased to operators in February 1998. Further searches for additional mid-stream sites are subject to a review of demand to be completed by the end of 2000.</p> <p><i>(Action in Progress: Behind Schedule)</i></p>

4

Promote Hong Kong as a centre for aviation and shipping

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To invite private sector participation in developing a marine terminal at the airport to facilitate shipment of air cargo to and from the Pearl River Delta</p> <p><i>(Airport Authority (AA))</i></p>	<p>To invite tender around end-1999</p> <p><i>(1999)</i></p>	<p>The operation and management licence for the marine terminal was awarded in August 2000.</p> <p><i>(Action Completed)</i></p>
<p>To offer land at the airport to facilitate the development of logistic management centre by investors</p> <p><i>(AA)</i></p>	<p>To tender sites in 2000</p> <p><i>(1999)</i></p>	<p>Tender documents issued in July 2000.</p> <p><i>(Action Completed)</i></p>
<p>To negotiate or review air services arrangements with aviation partners with a view to progressively liberalising Hong Kong's air services and meeting changing market demand</p> <p><i>(Economic Services Bureau (ESB))</i></p>	<p>To negotiate or review at least 15 air services arrangements with aviation partners and/or airlines in 2000</p> <p><i>(1999)</i></p>	<p>We have negotiated or reviewed 15 air services arrangements by September 2000.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To identify measures to improve the competitiveness of the Hong Kong Container Port</p> <p><i>(Port and Maritime Board (PMB))</i></p>	<p>To produce recommendations in 2000</p> <p><i>(1999)</i></p>	<p>The Sub-Committee on Container Port Competitiveness formed in June 1999 has identified improved links to the Pearl River Delta, development of new port facilities and promotion of the port as key elements to raise competitiveness.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To negotiate air services arrangements with new aviation partners and review arrangements with existing aviation partners to meet changing market demand</p> <p><i>(ESB)</i></p>	<p>To negotiate air services arrangements with at least five new aviation partners in 1999. In addition, to review with airlines and/or existing aviation partners at least ten arrangements with the latter</p> <p><i>(1998)</i></p>	<p>We have negotiated air services arrangements with five new aviation partners in 1999. In addition, we have reviewed arrangements with 18 existing aviation partners in 1999.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To enhance the position of Hong Kong as a major international shipping centre</p> <p><i>(PMB/Marine Department (MD))</i></p>	<ul style="list-style-type: none"> ● To make direct marketing calls to local and overseas shipping companies to promote the services of the Hong Kong Shipping Register ● To strengthen the status of Hong Kong in the world maritime scene by promoting a hull insurance market in Hong Kong by about 2000 	<ul style="list-style-type: none"> ● This is an on-going initiative. During the period from 1 January to 30 September 2000, marketing calls on 43 shipping companies have been made. The target of 60 company visits will be achieved in this year. PMB delegates have visited Japan and Korea in January 2000, and have participated in the Posidonia Exhibition in Greece in June 2000 to promote Hong Kong as an international shipping centre. Shipping company calls in Singapore were conducted after the Posidonia Exhibition. <i>(Action in Progress: On Schedule)</i> ● This matter is under study by the Shipping Committee of the Port and Maritime Board. <i>(Action in Progress: On Schedule)</i>

Initiative	Target	Present Position
	<ul style="list-style-type: none"> <li data-bbox="408 183 669 475">● To strengthen shipping links with the Mainland by harmonising the shipping standards and formalities, consultation and contact with Mainland Authorities by 2000 <p data-bbox="408 491 479 523"><i>(1998)</i></p>	<ul style="list-style-type: none"> <li data-bbox="700 183 1002 416">● A Memorandum of Understanding (MOU) on Port and Light Dues has been signed with the Mainland Authorities on 28 December 1999. The MOU took effect from 28 January 2000. <p data-bbox="730 432 946 464"><i>(Action Completed)</i></p>

5

Promote safety and efficiency in air and sea transport

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To convert the current ground-based air traffic control and communications system to satellite-based Communications, Navigation and Surveillance/Air Traffic Management (CNS/ATM) systems to enhance flight safety and efficiency</p> <p><i>(Civil Aviation Department (CAD))</i></p>	<p>To commence trial in 2000</p> <p><i>(1999)</i></p>	<p>Trials on various CNS/ATM systems have started. Operational trials for the dissemination of airfield and weather information as well as routine meteorological broadcast to aircraft via data links are on-going. A technical and operational evaluation for Automatic Dependent Surveillance system, Controller-Pilot Data Link Communication and Pre-departure Clearance via data links commenced in September 2000.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To implement a new Flag State Quality Control (FSQC) system <i>(Marine Department (MD))</i></p>	<p>To maintain the detention rate of Hong Kong registered ships under Port State Control below the world average <i>(1999)</i></p>	<ul style="list-style-type: none"> ● The FSQC System has been implemented since September 1999 on a manual basis. Computer software is being developed to automate the selection of ships for FSQC. The software is expected to be ready by the end of October 2000, and after trials operational by the end of 2000. ● The detention rate of Hong Kong registered ships under Port State Control regime is maintained well below world average. <p><i>(Action in Progress: On Schedule)</i></p>
<p>To prepare regulation for the implementation of third party insurance to local vessels in Hong Kong <i>(MD)</i></p>	<p>To complete drafting of the regulation in 2000 <i>(1999)</i></p>	<p>Drafting is being carried out by the Law Draftsman. We expect the drafting work to be completed by the end of 2000.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To provide additional training to air traffic control staff, including that in respect of new air traffic control equipment, to cater for anticipated increase in traffic at the new Hong Kong International Airport <i>(CAD)</i></p>	<p>To provide 17 additional training courses to 180 staff each year starting from 1999-2000 <i>(1998)</i></p>	<p>Twenty-two training courses were provided in 1999-2000 and at least 17 courses will be provided in 2000-2001.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To establish a marine traffic control station on Green Island <i>(MD)</i></p>	<ul style="list-style-type: none"> ● To secure funding for setting up the station by early 1999 <i>(1998 and 1997)</i> ● To build the station and install the associated equipment by late 2000 <i>(1998)</i> 	<ul style="list-style-type: none"> ● Due to conservation constraint, a virtual station comprising the setting up of closed-circuit television system at the hill top site of Green Island has been proposed as an alternative to the original option. Architectural Services Department is now finalising the revised project cost estimation and endeavors to include it as a Category D item in the 2000-2001 Public Works Programme. ● Subject to successful inclusion of the project as a Category D item in the 2000-2001 Public Works Programme, civil works will start in early 2001 for completion by early 2002. <p><i>(Action in Progress: Behind Schedule)</i></p>
<p>To replace the ageing equipment in the existing Vessel Traffic Services (VTS) system and upgrade the system with advance equipment and technology <i>(MD)</i></p>	<p>To complete the project by late 2001 <i>(1998)</i></p>	<p>The tender for the project of replacing/upgrading of VTS system has been awarded in August 2000 for completion by December 2001.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To establish a local marine traffic control station near Container Terminal No. 8</p> <p>(MD)</p>	<ul style="list-style-type: none"> ● To build the station and install the necessary equipment by mid-1999 ● To commission a patrol launch for the station by end-1999 <p>(1998)</p>	<ul style="list-style-type: none"> ● The construction of the station was completed in July 1999. Installation of equipment was completed in September 1999. ● The patrol launch was commissioned in October 1999. <p>(Action Completed)</p>
<p>To improve inspection procedures for new ferry vessels, miscellaneous craft, dangerous goods carrying vessels and excursion vessels</p> <p>(MD)</p>	<p>To be able to inspect 100% of new vessels for the issue of certificates of inspection or survey without delay during 1999</p> <p>(1998)</p>	<p>The target was achieved in 1999 and maintained.</p> <p>(Action Completed)</p>
<p>To improve safety of cargo handling and ship repair through monitoring of marine construction projects</p> <p>(MD)</p>	<p>To increase the number of total inspections by 2% to 7 650 in 1999</p> <p>(1998)</p>	<p>The target was achieved in 1999 and maintained.</p> <p>(Action Completed)</p>
<p>To provide permanent facilities to Government Dockyard on Stonecutters Island and to complete remaining improvement works</p> <p>(MD)</p>	<ul style="list-style-type: none"> ● To complete all project works by end-1999 ● To achieve final acceptance and completion of all outstanding issues and warranty defects by end-2000 <p>(1998)</p>	<ul style="list-style-type: none"> ● Permanent facilities and improvement works of the Government Dockyard were completed at the end of March 2000. ● Final acceptance and completion of all outstanding issues to be achieved by end-2000. <p>(Action Completed)</p> <p>(Action in Progress: On Schedule)</p>