

MESSAGE

Hong Kong is a premier international and regional transportation and logistics hub. In order to maintain our position as the preferred transportation and logistics hub in the region, we would build on our strength by deriving greater value from its investment in infrastructure.

Hong Kong's record speaks of our success as an international and regional aviation centre. Our airport ranked fifth in the world in terms of international passenger throughput in 2000, and has been number one in terms of international cargo throughput since 1996. The breadth and depth of our aviation network, which sees some 3 800 flights to about 130 cities every week, compare favourably with most major cities in the world. Building on this very good foundation, we will further develop Hong Kong into the preferred transportation and logistics hub. To this end, we would continue to firmly and proactively implement our policy of progressive liberalisation of air services to promote consumer choice and competition and to provide airlines of Hong Kong and our aviation partners with opportunities for service expansion. We would also, in partnership with the Airport Authority, enhance the connectivity of our airport and ensure that its facilities are able to cater for the expansion in passenger and cargo traffic.



We operate the busiest container port in the world. Over years of development, the port of Hong Kong has become a pivotal element in the freight transport network for Southern China and has made significant contribution to the economy of Hong Kong. We have been, in collaboration with the Hong Kong Port and Maritime Board, reviewing and formulating measures to enhance our competitiveness as a leading port and an international maritime centre. We will co-operate with neighbouring ports to forecast and plan for additional port facilities. We will continue to build on the synergy between the port and shipping industries to strengthen Hong Kong's position as a world-class port and an international shipping centre. We will focus our effort to enhance our strengths by streamlining the

procedures to attract shipping business to Hong Kong and promoting the attractiveness of Hong Kong as a “can-do port” and a “can-do shipping centre”.

With the new opportunities afforded by logistics developments, we will strengthen connectivity between different modes of transport links between Hong Kong and our cargo sources. We will work hand-in-hand with all parties in the supply chain to develop new policy initiatives that would create a conducive environment and the necessary infrastructure to facilitate the growth of the transportation and logistics sector and to consolidate Hong Kong as an international and regional transportation and logistics hub.

A handwritten signature in black ink, appearing to read 'Sandra Lee', with a stylized flourish at the end.

(Ms Sandra Lee)
Secretary for Economic Services

Air and Sea Transport and Logistics Services

Policy Objective and Key Result Areas

AIR AND SEA TRANSPORT AND LOGISTICS SERVICES

Our Policy Objective is to develop our airport and port and promote Hong Kong as a major international and regional transportation and logistics hub.

Overall Targets

Our targets this year in pursuing this Policy Objective are –

- to enhance and promote Hong Kong as an international and regional transportation and logistics hub
- 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, in collaboration with the Hong Kong Port and Maritime Board, the competitiveness of the Hong Kong container port and to promote Hong Kong as an international shipping centre

Progress

We have renamed our policy objective from “Air and Sea Transport” to “Air and Sea Transport and Logistics Services”. The following is a report of the progress made on initiatives on air and sea transport and logistics services originally under the 2000 Policy Objective on “Air and Sea Transport”.

On air transport, Hong Kong continues to be a leading centre of international and regional civil aviation. The HKIA continues to operate safely, securely, efficiently and at a high standard. For instance, over 80% of aircraft depart on time (which, according to industry practice, means within 15 minutes of the scheduled departure time) from the airport. The AA has also improved facilities for transfer passengers and reduced the minimum connection time between flights to 50 minutes. In an independent

survey conducted in February 2001, the HKIA received an overall satisfaction rating of 95.5%. Skytrax, a UK-based airport and aviation research group, has named the HKIA “Airport of the Year 2001”.

We continue with our efforts to expand Hong Kong’s air services network. In the first nine months of 2001, we conducted negotiations on five new air services agreements and negotiated or reviewed air services arrangements with 18 aviation partners. 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 construction work for the new Container Terminal Nine (CT9) is in progress. The new terminal is scheduled for completion in phases between 2002 and 2004. To increase the attractiveness of Hong Kong as an international maritime centre, we have completed discussion on two Avoidance of Double Taxation agreements in 2001. The popularity of the Hong Kong Shipping Register is reflected in the growth in our shipping register by 30% to about 13 Gross Register Tonnage (GRT) in 2001.

On logistics services development, the Committee on Logistics Service Development, established under the Port and Maritime Board in May 2000 has completed its mission of helping to shape measures to strengthen the role of Hong Kong as an international and regional air and sea transportation and logistics hub. These measures are reflected in the recommendations in the Study to Strengthen Hong Kong’s Role as the Preferred International and Regional Transportation and Logistics Hub.

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

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

The indicators used to measure progress in this area were the extent to which our policy and regulatory framework was able to increase Hong Kong’s international air and sea links as well as to adapt to changing international standards and requirements. Another indicator was the undertaking and completion of various activities and studies to strengthen and promote Hong Kong as an international transportation and logistics hub.

On air transport, we have reviewed the latest international standards in the carriage of dangerous goods by air. We will amend local regulations to implement these standards.

To further enhance Hong Kong's competitive edge in civil aviation, AA has taken a series of initiatives. These include the promotion of hubbing by improving facilities for transfer passengers and the introduction of a new destination incentive scheme. On the cargo front, the marine cargo terminal on the airport island was commissioned in March 2001. The facility currently links the HKIA with some 20 ports in the Pearl River Delta with daily shuttle service. Moreover, AA awarded a sub-lease in February 2001 for the development of a logistics centre on the airport island, which will attract more cargo and value-adding services to go through the HKIA upon completion in 2003.

We have conducted negotiations on air services agreements with five new aviation partners, and negotiated or reviewed air services arrangements with 18 partners in the first nine months of 2001. We also have reviewed the Air Services Arrangement between the Mainland and the Hong Kong Special Administrative Region and expanded capacity to enable airlines of both sides to increase both passenger and cargo services between Hong Kong and Mainland cities.

As regards the sea transport regulatory framework, we are introducing subsidiary regulations to the Local Vessels Ordinance to provide a legislative framework to keep pace with maritime safety developments and to improve port safety. We have met the target of increasing the number of ship inspections under Port State Control.

On sea transport infrastructure, construction work for CT9 on Tsing Yi Island is in progress. The first berth is scheduled for completion in 2002. The second phase of Public Cargo Working Areas Management Reform has been successfully completed.

We have completed the studies on port cargo forecasts, bulk cargo facilities and the potential of Hong Kong as a replenishment port. Findings of these studies have been incorporated into the Port Development Strategy Review 2001.

2 Develop and improve the Hong Kong International Airport

The indicators used to measure progress in this area were the amount of passenger and cargo traffic as well as the number of aircraft movements that may be handled by the HKIA.

In the first half year of 2001, the HKIA served a total of 16.17 million passengers, and handled 0.97 million tonnes of cargo and some 97 000 aircraft movements. In 2000, the HKIA ranked fifth and first world-wide in terms of international passenger and international cargo throughput respectively.

On air transport infrastructure, runway capacity of the HKIA has been increased from 45 to 47 movements per hour since March 2001, more than meeting airlines' demand for runway slots. Works on the provision of eight more aircraft parking stands in the cargo area are on-going and will be completed within 2001.

To ensure that facilities of the HKIA will meet both the short-term and long-term increase in demands for passenger and cargo traffic and to work out an overall airport development strategy, AA has completed the Strategic Overview of Major Airport Developments Study in September 2001.

3 Develop and improve the Hong Kong port

The indicators used to measure progress in this area was the number of twenty-foot equivalent units handled by the Hong Kong container port and the tonnage of the Hong Kong Shipping Register.

In 2000, the port of Hong Kong handled 18.1 million twenty-foot equivalent units of containers. To promote Hong Kong's port and shipping industry, we have completed our work on the amendments to the relevant ordinance in May 2001 to make the Hong Kong shipping registry procedures more user-friendly and attractive. The tonnage of ships registered with us is expected to reach 13 million GRT by the end of 2001. We will continue to make direct marketing calls to local and overseas shipping companies and organisations to promote the services of the Hong Kong Shipping Register and to promote Hong Kong as a major international shipping centre.

4 Promote safety and efficiency in air transport

The indicators used to measure progress in this area were the 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, as well as the extent to which our civil aviation management system can meet the needs of Hong Kong as an international and regional civil aviation centre.

Hong Kong-registered aircraft continue to achieve a good safety record, and were not involved in any reportable accidents causing death or injury in 2000. Hong Kong's high standard in flight safety oversight was well recognised by the International Civil Aviation Organisation, which conducted an audit on Hong Kong in November 2000 as part of its Universal Safety Oversight Audit Programme. On the provision of air traffic control (ATC) services, at the request of our Civil Aviation Department, the United Kingdom Civil Aviation Authority conducted a review in December 2000 and concluded that the ATC operation in Hong Kong was safe and of a high standard.

In the past year, studies and trials by the Civil Aviation Department on the new satellite-based ATC system proceeded as planned and with satisfactory results. Selected elements of the new system have been put into operational use.

5 Promote safety and efficiency in maritime transport

The indicators used to measure progress in this area was the annual number of vessel calls and marine accidents.

The subsidiary regulation and the Orders made under the Freight Container (Safety) Ordinance will come into operation this year thus enhancing the safety in container handling, stacking and transportation. The marine traffic safety and efficiency of ships movement will be enhanced by the establishment of a traffic surveillance station on Green Island in 2002.

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 under the revised KRA structure –

- Develop and promote Hong Kong's position as a preferred international and regional transportation and logistics hub
- Develop and improve services of the Hong Kong International Airport
- Develop and improve services of the Hong Kong port
- Promote safety and efficiency in air transport
- Promote safety and efficiency in maritime transport
- Promote efficiency and user friendliness of Marine Department's services

1

Develop and promote Hong Kong's position as a preferred international and regional transportation and logistics hub

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 an international and regional transportation and logistics hub.

To maintain Hong Kong as a centre of international and regional aviation, we will continue to ensure an effective civil aviation management system. To this end, we will continue to regularly review legislation and administrative arrangements to reflect international standards in civil aviation, including applicable requirements and recommended practices of the International Civil Aviation Organisation. We will continue to further develop Hong Kong's air links by negotiating more air services agreements with new aviation partners after obtaining authorisation from the Central People's Government. We will also review and progressively liberalise our air services arrangements with existing partners to enable airlines to expand services.

To maintain Hong Kong as a safe port and an international maritime centre, we will continue to introduce and review legislation and administrative measures to reflect international standard in maritime safety. We will negotiate more double taxation bilateral agreements to increase the attractiveness of Hong Kong as an international maritime and aviation centre.

We will continue to actively examine ways and introduce measures to enhance Hong Kong's role as an international and regional transportation and logistics hub. We will formulate a masterplan to take forward "Logistics Hong Kong" based on the recommendations in the three inter-related studies which have just been completed. They are the Port Development Strategy Review (PDSR), the Strategic Overview of Major Airport Developments (SOMAD) Study and the Study to Strengthen Hong Kong's Role as the Preferred International and Regional Transportation and Logistics Hub (IRTLH).

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 increase Hong Kong’s international air and sea links as well as to adapt to changing 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
To progressively expand Hong Kong’s air services network <i>(Economic Services Bureau (ESB))</i>	To conduct negotiations or reviews on at least 15 air services agreements or arrangements in 2002
To further strengthen Hong Kong’s air links with the Pearl River Delta <i>(ESB)</i>	<ul style="list-style-type: none"> ● To conduct further review on the air services arrangement between the Mainland and the Hong Kong Special Administrative Region in 2002 ● To start discussions with the Macau Special Administrative Region in 2002 regarding an air services arrangement between the two SARs

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

Initiative	Target
<p>To formulate a plan to strengthen Hong Kong's role as the preferred international and regional transportation and logistics hub, based on the findings of three strategic studies –</p> <ul style="list-style-type: none"> – Port Development Strategy Review completed in September 2001 – Strategic Overview of Major Airport Developments Study completed in September 2001 – Study to Strengthen Hong Kong's Role as the Preferred International and Regional Transportation and Logistics Hub completed in September 2001 <p><i>(ESB and Port and Maritime Board and Airport Authority)</i></p>	<p>To formulate the plan in 2002</p>
<p>To undertake research and promotional work to strengthen Hong Kong's position as a leading port, maritime centre, transportation and logistics hub</p> <p><i>(ESB)</i></p>	<p>To undertake research and promotion projects in 2002</p>

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.

The Airport Authority (AA) will continue to ensure that the airport capacity and facilities are sufficient to meet the short-term and long-term demands. In this regard, the recently completed Strategic Overview of Major Airport Developments Study has recommended strategies for various airport developments, such as increasing the capacity of the Passenger Terminal Building and additional cargo facilities (in particular facilities for express cargo which is expected to be a high-growth area). The AA will also ensure that the Hong Kong International Airport (HKIA) will continue to operate at a high standard.

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 as and when necessary to meet demand.

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

Initiative	Target
<p>To proceed in phases with the development of the “Sky City” at the Hong Kong International Airport <i>(Airport Authority (AA))</i></p>	<p>To complete the first phase of the “Sky City” in 2005-2006</p>
<p>To follow up on the recommendations of Strategic Overview of Major Airport Developments Study, including the provision of additional cargo handling facilities, gradual upgrade/expansion of the Passenger Terminal Building and advance planning for the development of midfield facilities <i>(AA)</i></p>	<p>To ensure that the facilities and services of the airport will continue to be able to meet demand</p>

Hong Kong's status as an international maritime centre is a key element to our success as an international trade, finance and business 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. In 2000, Hong Kong handled 18.1 million twenty-foot equivalent units of containers and 37 680 ocean-going vessels and 179 000 river vessels visited Hong Kong.

The restructured Port and Maritime Board has acted as a focal point to develop initiatives to promote Hong Kong as an international shipping centre and a transportation and logistics hub.

To improve the sea transport infrastructure, the planning and development of port facilities needs to be supported by other infrastructure such as sufficient roads, dredged channels and other ancillary port facilities. The Port Development Strategy Review provides the basis for us to plan new container terminal facilities that may be required in the future.

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 initiative and target to deliver results in this area –

Initiative	Target
To conduct a study on future port development in Hong Kong <i>(Port and Maritime Board)</i>	To commission the study in 2002

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 (ATC) system and have established effective communications with the Mainland and Macau authorities on ATC matters, including regular meetings and exchange visit programmes.

While our high standard is well recognised, we will continue to regularly review our flight safety oversight and ATC systems to identify any room for further improvement. Our objective is to ensure aviation safety and efficient flight operations.

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 implement the recommendations made by the review team of the United Kingdom Civil Aviation Authority, in order to continue to provide high-standard air traffic control services and to cater for the rapid growth in air traffic <i>(Civil Aviation Department (CAD))</i>	To complete implementation by the end of 2002
To implement the restructuring of the flight routes over the South China Sea, in order to improve flight efficiency and to cater for growth in air traffic in the region <i>(CAD)</i>	To complete implementation by the end of 2001

5

Promote safety and efficiency in maritime transport

We will continue to maintain a high standard of maritime management to ensure maritime safety through the provision of an efficient vessel traffic control system, and dissemination of information on safe practices to the maritime communities.

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

- The annual number of vessel calls. Our target is to achieve long-term growth in vessel calls at the port.
- The number of marine accidents. Our target is to achieve a safe maritime environment.

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

Initiative	Target
To implement the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, as amended in 1995 <i>(Marine Department (MD))</i>	To complete implementation in 2002
To implement the International Safety Management Code on cargo ships registered in the Hong Kong Shipping Register <i>(MD)</i>	To complete implementation in 2002

6

Promote efficiency and user friendliness of Marine Department's services

We will promote efficiency and user friendliness of Marine Department's services through the provision of one stop service, the use of information technology to facilitate the provision of our services and will constantly review the provided services and facilities to meet changes in demand.

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

- The time taken to register a vessel. Our target is to provide an efficient and user-friendly ship register service.
- The time taken to process the issuance of safety certificate for a local vessel. Our target is to provide an efficient certificate issuing service.

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

Initiative	Target
To provide a one stop service to the shipowners for the issue of Authority to Operate to radio personnel holding foreign qualifications (Marine Department (MD))	To provide the service by the end of 2002
To extend the use of Personal Digital Assistant system to improve the efficiency of inspection of local vessels by developing software in-house (MD)	To complete the project in the second half of 2002

Initiative	Target
<p>To carry out a feasibility study on Marine Department's e-business system (MD)</p>	<p>To complete the study in 2002</p>
<p>To carry out a study on rationalisation of the mooring facilities for ships visiting Hong Kong (MD)</p>	<p>To complete the study in 2002</p>

Air and Sea Transport and Logistics Services

Detailed Progress

1

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

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 strengthen Hong Kong's position as a logistics hub <i>(Business and Services Promotion Unit)</i>	To commission and complete a strategic study on logistics service development within 2001 <i>(2000)</i>	The study was completed in September 2001. <i>(Action Completed)</i>
To promote the attractions of Hong Kong as a logistics hub <i>(Port and Maritime Board)</i>	To organise an international conference on logistics in Hong Kong and a promotional programme in 2001 <i>(2000)</i>	Four international conferences on logistics/ transportation have been held in Hong Kong between February and March 2001 with the support of the Committee on Logistics Services Development under the Port and Maritime Board. A promotional tour in Europe to promote Hong Kong as the "Can-do Port" and "Can-do Shipping Centre" took place in May 2001. <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

Initiative	Target	Present Position
<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</p> <p><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><i>(2000)</i></p>	<p>We have conducted negotiations on five new air services agreements and conducted negotiations or reviews on 18 traffic arrangements.</p> <p><i>(Action Completed)</i></p>
<p>To further strengthen Hong Kong's air links with the Mainland</p> <p><i>(ESB)</i></p>	<p>To commence reviewing the Air Services Arrangement between the Mainland and the Hong Kong Special Administrative Region (HKSAR) in 2001</p> <p><i>(2000)</i></p>	<p>We completed the review of the Air Services Arrangement between the Mainland and the HKSAR in March 2001, which resulted in an expansion of capacity for airlines of the two sides.</p> <p><i>(Action Completed)</i></p>
<p>To promote the attraction of Hong Kong as a port by reducing tax liabilities of foreign shipping lines</p> <p><i>(ESB)</i></p>	<p>To negotiate three Double Taxation Agreements (DTAs) on shipping profits with our business partners in 2001</p> <p><i>(2000)</i></p>	<p>We have completed negotiations and initialled two DTAs on shipping profits. A start will shortly be made for the negotiation of a third DTA on shipping profits.</p> <p><i>(Action in Progress: On Schedule)</i></p>

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>(ESB)</i></p>	<p>To conduct negotiations on at least five new agreements in 2000 in response to market demand</p> <p><i>(1999)</i></p>	<p>We conducted negotiations on six new air services agreements in 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>(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 negotiated or reviewed 19 air services arrangements in 2000.</p> <p><i>(Action Completed)</i></p>
<p>To enhance dual runway mode of operation to increase capacity</p> <p><i>(Civil Aviation Department (CAD))</i></p>	<p>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</p> <p><i>(1999)</i></p>	<p>The number of runway slots was increased to 40 in October 1999, 45 in March 2000 and 47 in March 2001. As the existing capacity is more than adequate to meet demands, there is no immediate need to further increase it to 50 movements per hour. CAD will continue to keep in view airlines' needs and review the requirement accordingly.</p> <p><i>(Action in Progress: Under Review)</i></p>

2

Develop and improve of the Hong Kong International Airport

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 review the adequacy of runway capacity under different modes of operation to meet traffic demand <i>(Civil Aviation Department (CAD))</i>	To complete a Runway Capacity Review in the second half of 2001 <i>(2000)</i>	The review was completed in March 2001. The CAD has formulated an action plan to further enhance the runway capacity to meet traffic demand in the long-term. <i>(Action Completed)</i>
To maximise the development potential and commercial opportunities of the North Commercial District at the Hong Kong International Airport <i>(Airport Authority (AA))</i>	To complete the development of a master layout concept plan by the end of 2000 <i>(2000)</i>	The master layout concept plan was completed in November 2000. <i>(Action Completed)</i>
To work out and prioritise the strategic options for major airport developments in future, such as the provision of additional cargo handling facilities <i>(AA)</i>	To complete the Strategic Overview of Major Airport Developments (SOMAD) Study in the second half of 2001 <i>(2000)</i>	The SOMAD Study was completed in September 2001. <i>(Action Completed)</i>

Initiative	Target	Present Position
<p>To improve passenger terminal facilities and procedures for transfer/transit passengers and baggage (AA)</p>	<p>To identify and implement the improvement measures in conjunction with business partners by the end of 2001 (2000)</p>	<p>AA has improved the terminal facilities for transfer passengers (e.g. the baggage handling system and additional passenger service and retail outlets), and shortened the minimum connection time between flights to 50 minutes. (Action Completed)</p>

3

Develop and improve the Hong Kong port

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 examine whether our Bulk Cargo Facilities are adequate to meet market demand <i>(Port and Maritime Board (PMB))</i>	To complete a study on Bulk Cargo Facilities by the end of 2000 <i>(2000)</i>	The study was completed. <i>(Action Completed)</i>
To examine whether Hong Kong has the capability to perform as a replenishment port <i>(PMB)</i>	To complete a study on the potential of Hong Kong as a replenishment port by the end of 2000 <i>(2000)</i>	The study was completed. <i>(Action Completed)</i>
To examine the long-term role and infrastructure requirements for the port <i>(PMB)</i>	To complete the Fourth Port Development Strategy Review in the light of the findings of the Port Cargo Forecasts in 2001 <i>(2000)</i>	The study was completed. <i>(Action Completed)</i>
To identify measures to improve the competitiveness of the Hong Kong Container Port <i>(PMB)</i>	To produce recommendations in 2000 <i>(1999)</i>	Recommendations have been considered by the Port and Maritime Board and the proposed measures have been incorporated into the Port Development Strategy Review 2001. <i>(Action Completed)</i>

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 <p><i>(1998)</i></p>	<ul style="list-style-type: none"> ● This is an on-going initiative. During the period from 1 January to 31 July 2001, marketing calls on 23 companies in Hong Kong, and 18 companies in the Mainland have been made. The target of 50 company visits (30 in Hong Kong, 20 in the Mainland) will be achieved this year. PMB delegates visited Europe in May 2001 to promote Hong Kong as an international shipping centre. <p><i>(Action in Progress: On Schedule)</i></p> <ul style="list-style-type: none"> ● Recommendations have been submitted to the PMB. <p><i>(Action Completed)</i></p>
<p>To build a typhoon shelter at Peng Chau</p> <p><i>(MD)</i></p>	<p>To seek funds for Environmental Impact Assessment (EIA) study by mid-1999</p> <p><i>(1998)</i></p>	<p>The demand for typhoon shelters space had been reviewed under the Port Development Strategy Review 2001. The review concluded that new typhoon shelters space would not be required in the near future.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<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>The demand for typhoon shelters space had been reviewed under the Port Development Strategy Review 2001. The review concluded that new typhoon shelters space would not be required in the near future. <i>(Action Completed)</i></p>
<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 <i>(Economic Services Bureau)</i></p>	<p>To review demand for mid-stream facilities by end-1999 <i>(1995)</i></p>	<p>The demand for mid-stream facilities had been reviewed under the Port Development Strategy Review 2001. The review concluded that new mid-stream site would not be required in the near future. <i>(Action Completed)</i></p>

4

Promote safety and efficiency in air 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 enhance safety standards of Hong Kong-registered aircraft and their operators</p> <p><i>(Civil Aviation Department (CAD))</i></p>	<p>To complete in 2001 the reviews on the existing safety oversight system for the implementation of International Civil Aviation Organisation (ICAO) standards and recommended practices in the areas of personnel licensing, operation and airworthiness of Hong Kong-registered aircraft and their operators</p> <p><i>(2000)</i></p>	<p>The reviews have been completed. The overall conclusion was that we have an effective safety oversight system for the implementation of ICAO standards and recommended practices. A number of enhancement measures were recommended and implemented by CAD in mid-2001.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To enhance and improve the air traffic control services provided by CAD (CAD)</p>	<p>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 (2000)</p>	<p>CAD has stepped up the supervision and training of air traffic controllers, e.g. providing refresher training for front-line controllers and strengthening the establishment of the training unit.</p> <p>This initiative has been subsumed under the new initiative “To implement the recommendations made by the review team of the United Kingdom Civil Aviation Authority, in order to continue to provide high-standard air traffic control services and to cater for the rapid growth in air traffic” in KRA 4 “Promote safety and efficiency in air transport”.</p> <p><i>(Action Completed)</i></p>

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>(CAD)</i></p>	<p>To commence trial in 2000</p> <p><i>(1999)</i></p>	<p>Trials on various CNS/ATM systems have started. The dissemination of airfield and weather information as well as routine meteorological broadcast to aircraft via data links has been put into operational use since April 2001. Technical and operational evaluation and trials for other elements have commenced progressively from September 2000. CAD plans to put the pre-departure clearance system via data-links into operational use in December 2001.</p> <p><i>(Action in Progress: On Schedule)</i></p>

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 assist developing countries enhance their maritime safety standards</p> <p><i>(Marine Department (MD))</i></p>	<p>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</p> <p><i>(2000)</i></p>	<p>This is an on-going initiative. A two-week Marine Casualty Investigation Training Course was held in Hong Kong from 7 to 18 May 2001. Trainees from 17 countries in the region participated. In addition a marine expert from MD has provided advice to Cambodia on enhancing their maritime administration infrastructure.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To fulfil our obligation to the IMO on training and certification of Vessel Traffic Regulators</p> <p><i>(MD)</i></p>	<p>To complete the accreditation of the training and certification facility in 2001</p> <p><i>(2000)</i></p>	<p>The training and certification facility will be accredited by the end of 2001.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To modernise and rationalise the aids to navigation in the waters of Hong Kong</p> <p><i>(MD)</i></p>	<p>To complete the programme in 2003</p> <p><i>(2000)</i></p>	<p>MD has modernised 52% of the aids to navigation in the waters of Hong Kong and completed the rationalisation programme.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To increase the efficiency and cost-effectiveness of maintaining the government fleet (MD)</p>	<p>To complete a management study on the Government Dockyard's maintenance activities in 2001 (2000)</p>	<p>The management study was completed in April 2001. (Action Completed)</p>
<p>To contract out to private operators the provision of launches required for patrolling purposes (MD)</p>	<p>As a pilot scheme for evaluation, two commercial vessels are to be hired and used as patrol launches in 2001-2002 (2000)</p>	<p>The tender was gazetted in July 2001 and would be awarded by the end of 2001. (Action in Progress: On Schedule)</p>
<p>To establish a Pre-arrival Notification system for all Mainland coastal vessels (MD)</p>	<p>To implement the system in 2001 (2000)</p>	<p>The system has been operating since April 2000. (Action Completed)</p>
<p>To implement a new Flag State Quality Control (FSQC) system (MD)</p>	<p>To maintain the detention rate of Hong Kong registered ships under Port State Control below the world average (1999)</p>	<ul style="list-style-type: none"> ● The FSQC system has been implemented since September 1999 on a manual basis. The computer programmes for the system were completed in April 2001 and the system is operational now. ● The detention rate of Hong Kong registered ships under the Port State Control regime is maintained well below world average. <p>(Action Completed)</p>

Initiative	Target	Present Position
To prepare regulation for the implementation of third party insurance to local vessels in Hong Kong <i>(MD)</i>	To complete drafting of the regulation in 2000 <i>(1999)</i>	Drafting work is in progress. Alternatives other than legislative approaches are being explored. <i>(Action in Progress: Under Review)</i>
To establish a marine traffic control station on Green Island <i>(MD)</i>	To secure funding for setting up the station by early 1999 and to build the station and install the associated equipment by late 2000 <i>(1998 and 1997)</i>	Scope of this project has been revised from building a control station to a virtual station by the end of 2002. <i>(Action in Progress: On Schedule)</i>
To provide permanent facilities to the Government Dockyard on Stonecutters Island and to complete the remaining improvement works <i>(MD)</i>	To achieve final acceptance and completion of all outstanding issues and warranty defects by end-2000 <i>(1998)</i>	The project was completed in February 2001. <i>(Action Completed)</i>
To replace the ageing equipment in the existing Vessel Traffic Services system and upgrade the system with advance equipment and technology <i>(MD)</i>	To complete the project by late 2001 <i>(1998)</i>	The project is expected to be completed by the end of 2001. <i>(Action in Progress: On Schedule)</i>