

# Aviation another hot spot in Belt and Road push

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From Western Europe through the Caucasus, the Middle East, Central Asia to the Chinese mainland, the high-profile Silk Road Economic Belt spells potentially huge opportunities for those with the foresight to jump on the bandwagon.

Those on the trail could include more than 100,000 talents in Hong Kong's aviation industry, most of whom may find it hard to climb up the corporate ladder in the local market, yet barely think of setting their sights on countries along the Silk Road Economic Belt, says Joseph Chan Nap-kee, principal director founding partner at Oriental Patron Financial Group in Hong Kong.

The Silk Road Economic Belt and the 21st Century Maritime Silk Road, which together link the world's second-largest economy with Southeast Asia, the Middle East, Africa and Europe through vital inland routes and sea lanes, represent the two major arms of the ambitious China-led Belt and Road Initiative.

The massive trade and infrastructure project, first mooted by President Xi Jinping in 2013, spreads across 60 countries and regions, with the aim of building up an interconnected network of expressways, as well as rail and logistics lines linking land and sea ports, special economic zones, industrial corridors and transportation hubs from the coasts of the Chinese mainland to Europe.

Apart from inland and maritime routes, the Aerial Silk Road is another much-discussed initiative to cover the potential market with nearly two-thirds of the global population. This is where Hong Kong could play a big part, Chan told China Daily.

He says there are currently more than 1,000 airports in Central Asia, most of which fail to be made the best of, mainly due to poor management and operations, small local populations and yet-to-be-opened-up domestic markets.

As chairman of the Hong Kong-based Silk Road Economic Development Research Centre, Chan believes the financial hub has what it takes to export its expertise in airport management and operations in a bold move to polish its brand as the aviation center along the Silk Road Economic Belt.

A handful of successful attempts had already been made by the Airport Authority Hong Kong (AAHK) on the Chinese mainland a decade ago.

In 2006, AAHK invested 198 million yuan (\$29.8 million) in setting up a joint venture with the State-owned Assets Supervision and Administration Commission of the Zhuhai Municipal People's Government to co-manage Zhuhai Jinwan Airport in Guangdong province.

Four months later, AAHK poured 1.99 billion yuan into Hangzhou Xiaoshan International Airport in Zhejiang province to co-manage the airport via the newly launched Sino-foreign joint venture. The deal made Hangzhou

Xiaoshan International Airport the first civilian mainland airport with direct foreign investment on the whole.

Hong Kong International Airport (HKIA) has long secured top ranking among its global counterparts from different benchmarks of airport excellence, something that speaks volumes for its aviation industry's competitive edge.

HKIA took the crown as Airline of the Year in 2016 for the 42nd Airline Industry Achievement Awards from global commercial air transport industry magazine ATW. But, according to Skytrax — the London-based aviation website and global source of airline ratings and reviews — HKIA finished fourth in the 2015 World Airport Awards after Singapore's Changi International Airport, South Korea's Incheon International Airport and Germany's Munich Airport.

Chan points out that the export of managerial and operational knowhow and corresponding investment would be very much focused on the existing airports along the Silk Road Economic Belt, and could come in tiny sums, which may not translate into further pressure on the balance sheets of AAHK and the SAR government.

However, such bold visions for the Aerial Silk Road cannot steer clear of the national-level negotiations over opening up the airspace to the traffic, launching new flight routes, and lowering or even removing visa barriers with various countries along the economic belt. Hong Kong cannot do, Chan notes, without the solid



Aircraft sit on the tarmac at Hong Kong International Airport. The city is well positioned to export its expertise in airport management and operations and to be the aviation center along the Silk Road Economic Belt. BILLY H.C. KWOK/BLOOMBERG

support of the central government.

In the past few months, the SAR government's plan to seek approval from the Legislative Council's Finance Committee for the HK\$1-billion "Belt and Road" scholarship funding had been at the center of controversy.

The months-long debate appeared to have ended with the government saying there's no urgency to set up the scholarship scheme.

Amid a maze of unclear economic prospects and political uncertainty, Chan says it's understandable that the Hong Kong government has refrained from pushing the scholarship in a rush.

"Hong Kong's cautious attitude is just because we haven't

found out a point of entry into the initiative. We haven't figured out a way that Hong Kong could fit in and benefit from the landmark project," says Chan.

"All in all, the aviation industry is where we could make a big difference — a point of entry Hong Kong could bet on to jump on the Belt and Road bandwagon," he adds.

The cosmopolitan city, he points out, complemented by its neighboring counterparts Shenzhen and Zhuhai, is well positioned to play a vital role in the economic belt's yet-to-be-explored flight network.

Hong Kong Airlines, in particular, has shown interest in launching niche flight routes across the globe. It may take the lead in reaching out to new

destinations in Central Asia or even further West along the Silk Road, Chan says.

The Belt and Road Initiative is more of a long-term investment and one that could hardly expect to reap the fruits in the short run.

"When I say short run, I mean five to 10 years," Chan adds.

The nature of long-term investment calls for a long-term roadmap, at the heart of which stands the buildup of the aviation industry's talent pool.

The SAR government highlighted the establishment of a Civil Aviation Academy in this year's Policy Address, but Chan feels that the exact details remain fuzzy and what kind of training the academy would



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offer is still under discussion.

Hong Kong is reportedly bracing itself for an aviation labor shortage with the expected completion of HKIA's third runway in 2023.

Chan believes greater efforts should be made to cultivate the talents and consolidate Hong Kong's strength in the aviation sector.

"There's always talk in Hong Kong that the Belt and Road Initiative remains conceptual and failed to fall to the ground. Now, the opportunities are on the cards, but the question is: Are we well prepared to catch the ball?"