Air cargo is an integral part of the Airport City’s development, and its efficient operations at Hong Kong International Airport (HKIA) provide crucial service for a wide range of businesses in Hong Kong while supporting overall economic development. More importantly, air transportation attracts goods with a higher value density, capturing a larger share of global trade in terms of value rather than volume. While only 1% of the world’s trade by volume is transported via air, air cargo represents about 35% of global trade value.\(^\text{13}\)

HKIA was ranked the world’s busiest cargo airport by Airports Council International in 2018, occupying the top spot for the ninth consecutive year. To secure its leading position and as part of our strategy that echoes the Greater Bay Area (GBA) development, HKIA is strengthening its capabilities as a high-value cargo hub, with three strategic focuses for future development: capturing cross-boundary e-commerce opportunities; targeting high-end, high-value cargo; and enhancing cargo services for the region.

\(^{13}\) IATA Cargo Strategy, IATA, February 2018.
Riding on Changing Business Trends

The cargo business strategy for HKIA is formulated in view of major changes in global trade patterns and the global supply chain for high-end products.

Changes in trade patterns have been primarily driven by the development of e-commerce which requires timely delivery to consumers in different parts of the world. HKIA, as a hub airport in Asia, meets such demand through its extensive air network of 220 destinations worldwide, many of which are also hubs of their own or major cities served by frequent flights.
Chapter 6: Leadership in Air Cargo

Our strategy of focusing on the high-growth areas of e-commerce and high-value cargo is a direct response to changing trends in global trade.
The rise of e-commerce coincides with the increasing demand for high-value goods, most notably in Asia. Electronic goods, fresh or perishable produce, and pharmaceuticals all fall into this broad category of high-value goods that are best served by air cargo. Increasingly, airlines are using the bellies of passenger planes to deliver the orders – many are small parcels of high value – in a timely manner, taking advantage of the frequency of passenger flights. Our strategy of focusing on the high-growth areas of e-commerce and high-value cargo is a direct response to such changing trends in global trade.

Another major change is about the supply chain driven by the increasingly globalised and specialised division of labour for the manufacturing of high-end products. The manufacturing of a premium consumer electronic device, for instance, requires the supply of numerous parts made in a large number of locations spread across different continents. Air cargo services provided by major hub airports such as HKIA play a pivotal role in enabling these different parts to be delivered in time to meet production schedules and demand. The performance of the transshipment business at HKIA in recent years illustrates this strategic role of Hong Kong and HKIA in the global supply chain.
Seizing e-Commerce Opportunities

To capitalise on robust growth in e-commerce, as well as the associated cargo flow and value-added logistics activities, HKIA will expand express and airmail facilities, and develop a modern logistics facility.

The contract for the development of a premium logistics centre at HKIA was awarded in June 2018. Covering 5.3 hectares and with an expected gross floor area of approximately 380,000 square metres, the logistics centre will be equipped with innovative features to serve e-commerce, temperature-controlled airfreight and transshipment. The premium logistics centre will become the third largest premium warehouse in Hong Kong, and is scheduled to commence operation in 2023.

Meanwhile, the DHL Central Asia Hub is being expanded, which will increase its handling capacity by 50%. The existing Air Mail Centre will also be expanded to cope with the growth of air parcel services, a significant part of which has been driven by e-commerce.

The new premium logistics centre is expected to commence operation in 2023 (the drawing is for illustrative purpose only).
High-value Cargo Hub

HKIA has been accredited by the International Air Transport Association (IATA) as a Partner Airport in IATA’s Centre of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma) – a globally recognised standard for competency and preparedness in handling temperature-controlled pharmaceutical products. This means HKIA is able to handle the entire airside pharmaceutical transportation process, from the time an aircraft lands until releasing the pharmaceuticals to agents, and vice versa.

In the coming years, HKIA will continue to invest in additional cool-chain facilities to further strengthen temperature integrity. It will also foster closer collaboration with other major international pharma hubs for the development of a “Cold-chain Corridor”, providing an end-to-end solution for temperature-controlled cargo connecting to other airports.

In March 2019, HKIA also obtained the world’s first IATA Centre for Excellence for Perishable Logistics (CEIV Fresh) certification which has affirmed its capability in handling high-value perishable products.

Enhancing Regional Cargo Service

To capitalise on demand for intermodal transshipments in the GBA, Airport Authority Hong Kong is studying the feasibility of building an intermodal air cargo handling facility at the new airside Eastern Support Area of the Three-runway System (3RS). The facility will support land-air and sea-air transshipment, tapping into the economic development of the region.

A transshipment facility is also being planned at the future 3RS to facilitate the growing air-to-air transshipment and enhance the overall operational efficiency under the 3RS.