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Special Report: KLIA

KLIA RACES FOR AIR TRAFFIC IN THE FACE OF REGIONAL COMPETITION

By: Alan Ting

KUALA LUMPUR (Bernama) -- The two-year old Kuala Lumpur International Airport (KLIA) is Malaysia's bid for a bigger share of regional air traffic while keeping an eye for future needs.

Built at the cost of RM9 billion ringgit with the capacity for 25 million passengers annually in the first phase of operation, it is now regarded as one of the best in the world.

The organisation managing KLIA and a string of other airports in the country, Malaysian Airport Berhad (MAB), is not resting on its laurels though.

"MAB is aiming to provide the best service in the airport and last year we were very fortunate that the KLIA was rated the 6th best airport in the world," said its chairman Tan Sri Basir Ismail in an interview.

The airport was also ranked 3rd in the world (for passenger satisfaction) by the International Air Transportation Association (IATA) a year after it started operation.

Located about 50 km south of Kuala Lumpur, the state-of-the-art airport is a four-phased project designed to cater for the passenger and air cargo demand as Malaysia's main international gateway for the next one century.

According to the plans, the second phase of development envisages facilities to increase the airport's capacity to accommodate 35 million passengers by 2008 while the third phase will cater for 45 million passengers by 2012.

#### A LEADER'S VISION

In the interview with Financial Times of London in October last year, Prime Minister Datuk Seri Dr Mahathir Mohamad said that infrastructure projects in Malaysia were undertaken to meet future needs and were not wasteful.

"In Malaysia we invest for the future, we don't invest for the immediate needs and when we do something we look into the future.

"To build a new airport for example, we looked into a hundred years from now. Supposing the number of passengers were to increase to 100 million, we would need a very big airport.

"So we reserved 25,000 acres of land for the new (KLIA) airport. At the moment we have facilities for 25 million passengers," he said.

#### REGIONAL RACE FOR AIR TRAFFIC

That airports built in the 1950s to the 1970s had become too small for the huge increase in air traffic was not only felt by the Sultan Abdul Aziz Airport in Subang but also others in the region.

Hong Kong has its Chep Lap Kok airport that was built for US\$20 billion but it is much smaller than the KLIA.

Others which had also built new airports to meet increasing demand are Macau, Pudong in Shanghai (China), Thailand (the New Bangkok International Airport or NBIA), Taiwan (Chiang Kai Sek New Terminal), South Korea (Inchon International Airport to replace the Kimpo International Airport) and Japan (Kansai Airport).

Singapore's Changi Airport that was built much earlier, is not complaining that the airport was too big as it met the multi-fold increases in air volume.

#### LEARNING FROM SUBANG

The Sultan Abdul Aziz Shah Airport was regarded by some as a white elephant when it was built 35 years ago, but what happened was that it helped spur massive developments of the country and its immediate neighbourhood.

Originally built to cater for 400,000 passengers a year, the airport was expanded to three terminals with no more room to meet rising traffic.

Those Malaysians who had travelled abroad and seen other better airports were quietly ashamed of the Subang airport, given its noise, congestion and heat.

What it also meant was that the Subang airport had to make way for a bigger, smarter and comfortable airport, like the KLIA.

Tan Sri Bashir noted that the KLIA was cheaper to build compared to other airports in the region.

"If you compare the cost of the airport in Kansai, it is much higher, HKIA is also higher and so is the Incheon airport."

KLIA was completed in four-and-a-half years by the government-owned Kuala Lumpur International Airport Berhad (KLIA) at a cost of RM9 billion or US\$2.3 billion (see fact-file).

In hindsight, Bashir said Malaysia had made the right decision to build the airport in 1995 when the exchange rate was RM2.50 to the US dollar. It would have been double the costs at the present rate, he added.

One immediate effect of KLIA, he said, was jobs for about 1,000 people living in the surrounding areas. "Besides that, I also noticed that two or three towns in nearby areas have also grown faster than others because of KLIA," he said, referring towns like Nilai and Sepang. -- Bernama

#### FACT FILE ON AIRPORTS IN REGION

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##### THAILAND:

The New Bangkok International Airport (NBIA) is scheduled to be completed in 2004 at a cost of 120 billion baht (more than RM10 billion). It is expected to handle 36.4 million passengers in 2004 and 40.2 million in 2006.

The Thai government decided to build NBIA since the Don Muang Airport can only handle 25 million passengers a year after renovations.

##### SINGAPORE

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Changi International Airport is building the third terminal and when completed by 2006, it will increase its total capacity to 64 million passengers annually.

##### PHILIPPINES

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The Ninoy Aquino International Airport (NAIA) is building the third terminal costing US\$500 million in Pasay City in the middle of this year. With a capacity of 13 million passengers a year, it will replace terminal one which was opened in 1983.

##### JAPAN

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Apart from Haneda Airport (domestic) and Narita (international airport) which was opened in 1978, the latest and second international airport in Japan is Kansai, near Osaka. Kansai which was opened in 1994 was built on a man-made island in Osaka Bay at a cost of US\$19.6 billion.

SOUTH KOREA

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The Incheon International Airport, 52 Km from Seoul, is the newest in the region. Built over nine years, it replaced the 42-year-old Kimpo International airport last March 29.

It was originally estimated to cost US\$5 billion but is believed to cost much more by the time it was completed.

SHANGHAI (CHINA)

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Shanghai is also having a new airport in Pudong, to replace the existing Hongqiao Airport.

HONG KONG

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Chep Lai Kok (HKIA) which opened for business a few months later than KLIA, cost US\$20 billion.

(Bernama)

AT KGO