

SPEECH BY: DATO' SERI DR MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

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TIME:

I am honoured to be invited to this reception and to welcome you to Malaysia, for the 9th Airport Council International Pacific Regional Assembly and Conference. It is indeed a pleasure to see a gathering of specialists at this conference where you will be able to share views and knowledge on airports and their future outlook. I note that you have chosen the 'Next Generation Airports' as the theme of this conference. It is most appropriate considering the challenges of the new millennium.

2. Malaysia is relatively young in the provision of air transport and aviation services. Since Civil Aviation started in this country in the early forties, we have grown faster than we expected. Today, we have a network of five international airports, 15 domestic airports and 18 other small airports. Since the late eighties, in response to our rapid traffic growth, we had embarked on a programme of airports infrastructure development, planned to cater for the accelerated pace of economic growth. Indeed, much forward planning is essential as we do not want to be caught again with an airport that is inadequate and yet is unable to expand. Subang International Airport was opened in 1964 with a projected capacity of 400,000 passengers per annum but at the time when we moved to the new KL International Airport (KLIA) last year, Subang was trying to handle 17 million passengers.

3. As you are aware finding land and a good location for an airport is no easy matter. While everyone wants a convenient airport, no one wants it anywhere near where he lives. Landowners often refuse to surrender land for an airport even when offered hefty compensation. In planning for an airport, especially one that is to serve the capital and is most likely to expand rapidly, it is important that the long-term needs be given serious consideration. One just cannot move airports or even build secondary airport every few years simply because it is not possible to find suitable sites. If one has to build a new airport it must be planned to cater for expansion over the next hundred years if not more.

4. And so when we were planning for a new airport to replace Subang International Airport, we had to find a site that is big enough for expansion to cater for high traffic growth, yet located at a reasonable distance from the city. The new airport at Sepang now has two runways and can cater for 25 million passengers. It has room for as many as five runways and cater for 125 million passengers.

5. Perhaps this need will never arise even in a hundred years. But the land will never be wasted. There are a thousand profitable uses for land even if the economy does not grow much. At the present rate of population growth Malaysia will have a population of more than 70 million people in another 100 years. That alone would mean a requirement for a bigger airport.

6. KLIA has just completed its first year of operations last month. I am told that the airport has been ranked third in the world by IATA for business passenger satisfaction. The developer of the airport, KLIA Berhad, has also been nominated for excellence in engineering work. These are remarkable achievements by a developing country in such a short space of time. I would like to congratulate KLIA for receiving these recognitions, which I think it rightly deserves.

7. What has not been generally noticed is the move in 24 hours of the operations from the old Airport in Subang to KLIA without interrupting flights. Considering the number of systems and the hardware, the staff and all else, this is quite a feat. Admittedly there were hitches during the first two weeks. But these were overcome much sooner than is usual.

8. The success of the development of KLIA goes beyond the physical construction of the airport. The implementation of a deliberate transfer of technology programme has enabled local companies to keep abreast with the major players in the airport industry.

9. Companies such as KLIA Berhad, the developer of the airport, Sapura and XY-Base, the IT solution providers, and Malaysia Airports Sdn. Bhd., the airport operator, have started to offer their skills and experience in developing and managing airports beyond our shores. I am glad to note that the relationship and trust developed during the hectic days of construction have continued. The sponsorship of this conference, today and for the next three days, by both local and international organisations is indeed a reflection of ongoing collaboration and coexistence.

10. Significant changes are now taking place in various disciplines as we move into the next millennium. While technology and innovative systems would continue to dictate efficiency, the human factor still remains relevant and crucial to the success or otherwise of these systems. At the end of the day what determines success is the efficient delivery of the services by the operators to the various airport users. They all have their specific needs. The tourists, the business traveller, the airfreight companies, the charter people and the travel agents, the shop and restaurant operators, indeed the Government agencies, all these have differing needs and all must be catered for efficiently, and expeditiously. It is in achieving this that the measure of an airport's efficiency is determined.

11. Airports are anything but natural creations. But not being natural does not mean that they cannot be made compatible with nature. KLIA for example, was built with this in mind. Dr Kisho Kurukawa, the designer of KLIA, who is with us tonight, as well as all those local and foreign parties involved in its construction deserve to be given credit for their efforts. They worked tirelessly within the limited timeframe given to them to build KLIA. The 'Airport in the Forest and Forest in the Airport' concept which was applied in KLIA design and construction was intended to bring concrete and steel as close to nature as possible. I believe they have largely succeeded in doing this.

12. Now, It is up to you as airport specialists to expand the use of airport facilities beyond the immediate travellers. I can foresee the expanded role of airports of the future. Airports already play a significant role in tourism by being gateways to tourists and projecting a nation's first impression to visitors. Airports can also become leisure destinations in themselves. Having been built as a major transport infrastructure, an airport could be easily transformed from a mere transit point to a centre for all kinds of businesses and activities related to air transport needs.

13. The Sepang Gateway Recreation Park with facilities such as F-1 Motor Sports Circuit, Go-Kart Circuit, Golf Course, Wetland recreational facilities reflect a beginning towards this expanded role.

14. Airports have become more transnational and global. We are in fact managing transnational communities -- people from all over the world with varied and different requirements and tastes. The airport is not simply a space for landing, boarding and

taking off any longer. Seamless travel is now becoming more of a reality. Superior customer service, comfort and ambience used to be the domain of hotels and airlines. More and more airports now are being transformed and uplifted to provide equally high levels of service and comfort. Probably, the time has come for airports to adopt the hotel star classification; five star, four star, three star and so on. Focus on service quality level improvement should be the rule of the game for airports of the future. Over and above that, airports are now required to play a more enhanced role in trade, industry, social and cultural promotion and exchanges. In many instances, airports have become an integral part of major urban and sub-urban centres. Airports must perform all these diverse functions while maintaining their primary responsibility to receive and despatch aircrafts efficiently and safely. When we build an airport we are really building a city with sophisticated urban functions all under figuratively speaking one big roof. Many studies and papers have been presented by ACI and bodies such as Air Transport Action Group (ATAG) on increasing the awareness of the community as to the benefits that an airport brings, both socially and economically, to the community and the nation. ACI deserves credit for playing a role in this.

15. Figures quoted in these studies on employment, investment opportunities and business growth, and the multiplier effect on the economy as a whole, are indeed helpful to change the negative perceptions people have on airport expenditure. Subang, the old international airport, was said to be a white elephant when it was built. What happened was that the Subang airport helped spur massive development of its neighbourhood. KLIA's construction was also deemed an extravagance by some parties. I am confident it will rapidly prove that projects such as KLIA are indeed necessary for a country's long term growth and prosperity. Impact studies in areas related to construction of airports should be continued by organisations such as ACI, as the voice of airports of the world.

16. The third quarter of 1997 saw the economies of the region suddenly plunging into recession and turmoil. This affected disposable income, and as a consequence lesser business and leisure travel by air. Though airports are generally more resilient to economic downturns than airlines, this time around however, airports in this region have been affected, after more than 10 years of positive growth. Prolonged downturns cannot but have adverse effect on airports. As with many other airports in this region, Malaysian airports too experienced declines in traffic last year, though we seem to be improving this year. Nevertheless, we

need to be ready for the next round, should there be one.

17. ACI can help to guide airports play a more direct role in determining their destiny. Previously airlines took the lead in marketing and in fact determining the airports future. I am pleased to note that airports are already more directly involved in air services negotiations, and determining aircraft schedule and slot times, thus enabling them to market directly their facilities and services. These are positive developments and indicate that airports have come of age without losing their concerns for safety and efficient operations of aircrafts.

18. Furthermore, airports could cooperate in many areas to enhance their own performance and development. Organisations, such as ACI, offer excellent platform for continuous collaboration and cooperative efforts among member airports.

19. You have laid out a wide range of interesting topics for discussion at this conference. I hope this congregation will further accelerate the sharing of expertise and knowledge among airport operators in the Pacific Region. I urge delegates to participate actively in this ACI Assembly and Conference aimed at viewing airports in a new perspective, i.e. as destinations in themselves. I also hope that Malaysia's own new generation airport, the KL International Airport, will offer a learning experience to airport developers and operators certain knowledge on airport construction and operations.

20. Finally, may I thank Malaysia Airports Sdn. Bhd. for bringing this conference to Malaysia. And with that, I hereby declare this 9th ACI-Pacific Regional Assembly and Conference open.