



Confederation of Indian Industry

India Habitat Centre

4th Floor, Core - 4A, Lodi Road, New Delhi 110 003

Phones : 4601592-93, 4642387-88, 4602523, 4691151

Fax : 4602524 / 4645223

email: cii@ihc.cii.ernet.in

Internet : www.indianindustry.com

Cyrus J. Guzder
CHAIRMAN

National Committee on Transportation & Logistics

June 20, 2007

Mr. R.K. Patra
Editor
The STAT Trade Times
Navi Mumbai

Dear Mr. Patra,

Message for Air Cargo India 2008 Conference and Exhibition

It is heartening to know that "The STAT Trade Times" has once again taken the initiative to organize the Air Cargo India 2008 Conference & Exhibition in Mumbai in January 2008, following the success of its First Air Cargo India 2006 Conference & Exhibition held last year.

Holding this Conference at a time when India is planning a highly structured expansion in its air transport infrastructure to jumpstart a long-neglected Air Cargo sector, will undoubtedly play a vital role in bringing the industry together, as a whole, to focus its attention on key issues relating to Air Cargo and to deliberate on this most pertinent topic of "Opportunity of an Emerging Air Cargo Market."

Following globalization and increasing cross-border trade, Air Cargo has now become an integral part of many manufactures' and retailers' global supply chains, enabling faster, frequent and more predictable transit between many more parts of the world while, at the same time, decreasing the product cycles for high-value, high-reach goods to essential markets. So much so that even perishable commodities, such as foodstuffs or flowers, can now be delivered anywhere across the world. Local industries have become global traders and consumers have access to, and can enjoy, goods from any part of the world.

It is the Air Cargo sector that is playing an essential role in the development of the global economy. With booming global demands and consequent growth of the Indian manufacturing sector, Indian Exports are expected to touch US \$150 billion by 2008/09. India is therefore fast emerging as a global leader in the Air Cargo market and has grown by around 20% in the last couple of years.

... 2

Despite this significant growth, there are still many pitfalls and challenges that need our focus. These are :

- deficiencies of infrastructure
- domestic regulation
- security and safety standards
- complex customs procedures
- lack of technology
- oil prices
- high turnaround time.

It is surprising that even after four decades, a shipment spends only 6 percent of its time in the air and 94 percent on the ground

It is essential that efforts are made to decongest airports by making available cargo terminals for forwarders and for bonded storage at or near major airports. So far, Air Cargo has been operating on limited fuel and without proper direction. The weaknesses are evident in every link of the chain. This has only further enhanced the high cost of handling and operation and therefore International Airlines are reluctant to fly cargo aircraft into India.

From the above, it is evident that the major bottlenecks are lack of sufficient infrastructure and cargo space constraints.

However, there appears to be some silver lining with a couple of steps taken in the right direction, such as the two upcoming new airports, one at Shamshabad, Hyderabad, and the other the Whitefield Airport at Bangalore. At the Hyderabad Airport, the focus is on cargo infrastructure and there are plans to have an Agents' terminal inside the airport premises. Plans for the Bangalore Airport are, however, still unknown.

However, it is evident that a lot more still remains to be done before the full potential of the Air Cargo business can be tapped and the Government can achieve its target of 20 million tonnes by 2020. I am confident that the deliberations of this Conference, the insights gained and interaction between participants will go a long way in establishing better public private partnership to meet the challenges that lie ahead and to achieve these goals.

I convey my best wish to the STAT Trade Times team for a highly successful Conference.

Yours sincerely,



Cyrus Guzder

