



THE AIR CARGO AGENTS ASSOCIATION OF INDIA

COUNTRY REPORT

FOR THE

36TH EXECUTIVE COUNCIL MEETING

OF

**THE FEDERATION OF ASIA PACIFIC AIR CARGO ASSOCIATIONS
(FAPAA)**

HOSTED BY THE

**THAILAND AIR CARGO FORWARDERS ASSOCIATION
(TAFa)**

AT

The Montien Hotel, Bangkok, Thailand

FROM

5th June - 6th June, 2009



THE AIR CARGO AGENTS ASSOCIATION OF INDIA

OFFICE BEARERS

PRESIDENT	:	MR. KESHAV R. TANNA
VICE-PRESIDENT	:	MR. J. KRISHNAN
HON. SECRETARY GENERAL	:	MR. HEMANT BHATIA
HON. TREASURER	:	MR. BHARAT J. THAKKAR

MANAGING COMMITTEE MEMBERS

**MR. ANIL VAZIRANI
MR. ASAD CASSIM
MR. HARESH MEHTA
MR. S.L. SHARMA
MR. RAGHU SANKAR G.
MR. T.A. VARGHESE
MR. SUNIL ARORA
MR. RAJEEV BHATNAGAR
MR. CHRISTOPH REMUND**

SECRETARIAT

**The Air Cargo Agents Association of India
28-B, Nariman Bhavan, 2nd Floor
Nariman Point, Mumbai – 400 021
Tel: 91-22-22021923 / 22025584
Fax: 91-22-22824029
Email: ho_bom@acaai.org.in
Website: www.acaai.in**



THE AIR CARGO AGENTS' ASSOCIATION OF INDIA (ACAAI)

PROFILE:

- ☞ The Air Cargo Agents Association of India is the only recognized National Association representing the IATA accredited air cargo Agents all over India. Founded in 1970 with 16 members, it now has strength of about 600 members. Besides safe-guarding the interest of the members and promoting their interests, it provides professional assistance and guidance not only to its members but also to various Central & State Govt departments/authorities connected with the industry. ACAAI promotes growth, development and professionalism in the Indian Air Cargo business. ACAAI is affiliated to international organizations such as IATA, FIATA, FAPAA, etc. and enjoys the unique privilege of having the only formalized forum for direct discussions with IATA.
- ☞ As far as its activities are concerned, ACAAI is involved in all areas of air import and export operations. To pursue these activities smoothly, it is in close touch with various ministries and organizations like the Union Ministries of Finance, the Central Board of Excise and Customs (to name two) at the national level, and also interacts with diverse world bodies.
- ☞ ACAAI also has the privilege of being a member of FIATA and FAPAA or the International Federation of Freight Forwarders Association.
- ☞ ACAAI is also involved and actively takes part in the drafting of the new civil aviation policy by the Government of India, which also includes matters regarding privatization of Airports and PSP / Airport infrastructure, through the newly set-up Civil Aviation Core Group (CACG) comprising of eminent Board of Advisors of ACAAI.



ACAAI'S ACTIVITIES

TRADE SYMPOSIUM

- ☞ On 2nd May 2008, ACAAI organized a One Day Industry Symposium titled "Revitalizing Air cargo : Imperative to Grow India's Global Trade" for the collective benefit of the Industry, especially to try and address areas of concerns be they regulatory, airports, infrastructural, airlines, customers, etc. The Panelists and Speakers comprised of Senior officials from the Ministry, Airlines, Airport Authority, etc. This symposium was very well attended and appreciated by the members and also representatives from the Media. The Symposium provided an interactive platform in a participatory manner to debate & deliberate on the issues between the various segments of the industry.

INDIAN AIR CARGO PROGRAMME (IACP)

- ☞ The Indian Forwarder will soon embrace the new IACP which is all set to be introduced shortly under the new IATA Resolution 815. Currently the Indian Air Cargo Agent is governed by Resolution 801. Under the new IACP a Joint Council comprising of 6 Airlines and 6 ACAAI forwarders equally represent the interest of Air Cargo Committee. The Joint Council is fully empowered to establish and manage the new programme.
- ☞ A very significant aspect of this new Resolution is the recognition of the transition of the role of the "air cargo agent" into an "air cargo intermediary". The principal-to-principal relationship of the airline and the air cargo intermediary is hence appropriately addressed under this new Resolution. This has been a significant step forward for the Indian Air Cargo Intermediary.



INDUSTRY-LEVEL EDI IMPLEMENTATION

- ✿ Currently, there is no industry level platform, and each segment of the aircargo industry has its own EDI system, thereby fragmenting the EDI change process. The various segments need to be integrated and a uniform standalone system, which is able to communicate effectively with each segment of the industry, needs to be put in place urgently.
- ✿ Not only would this increase the level of efficiency, it would also decrease problems faced due to multiple data entries, thereby reducing costs and delivering a high level of performance. This needs to cover all players in the supply chain industry - a mission which is high on the ACAAI's agenda and it's Managing Committee is actively pursuing implementation such an EDI platform for the benefit of ACAAI's members, as well as, all segments related to Air Cargo Trade.
- ✿ ACAAI is in the process of establishing such an Industry platform for the benefit of all segments of Air Cargo Industry. The MOU for the same is already signed and the Pilot Project will shortly be implemented under the auspices of ACAAI. At ACAAI, we feel that this is the correct step forward, keeping in mind the continuous pace at which the global Air Cargo Industry is progressing. Though this is a long term and continuous project, ACAAI feels that benefits from the same, should be seen before the end of this year.

TRAINING

- ✿ As is the case with other industry sectors, one of the greatest challenges we face is the lack of adequate trained and experienced personnel. The problems of gaining, training and retaining our talent, are now acute.
- ✿ ACAAI is seeking clearance from the DGCA office to be recognized as a Training Institute. Once this is done, ACAAI would take it upon itself to professionally train its members, keeping them abreast of Industry needs.



ACAAI CONVENTION

- ✿ We all know that at the helm of every successful activity there should be a responsible supervisor or manager. ACAAI in this respect has a Managing Committee of 11 elected members to conduct programmes and solve issues. Again, to plan activities and solve problems, one needs to talk and discuss. ACAAI holds these discussions at its famous Annual Conventions, in which senior officials, speakers and delegates from the cargo industry, government departments and foreign shores put their heads together to iron out serious and vital issues of the Air Cargo Industry.
- ✿ Every year a three-day annual convention is being organized by ACAAI which is a major event for the Cargo Industry in India. In view of the globalization and liberalization policy adopted by our Government, ACAAI, with a view to provide an international exposure to its members have organized such conventions outside India. In December 2008 ACAAI was to hold its annual convention at Bahrain, but the same was postponed & subsequently cancelled due to the most unfortunate incidents of terrorism in Mumbai that took place just prior to the convention dates.

GROWTH & PROFILE OF THE INDIAN AIR CARGO INDUSTRY

- ✿ The year so far maybe looking gloomy for the Indian Air Cargo Industry. It's not great, but it's better than bad.
- ✿ Strong demand for faster delivery of goods by shippers is creating numerous challenges for the Air Cargo Industry in India. The extensive forces of liberalization and globalization have radically transformed world trade and opened up economies and fueled consumer demand in an unequalled scale. These forces combined with India's international trade during the previous couple of years are current scenario under the world Recession is however further bleak and have stimulated international trade dramatically over the last few years. While the drop in oil prices is welcome relief, recession is now the biggest threat to airline profitability.



- ✿ Air cargo is playing an imperative role in the value chain of global transport and logistic.
- ✿ Air cargo remains crucial to globalization. Globalization and trade liberalization has spun out to be the driving force of economic growth worldwide. In an increasingly global community and market place, aviation industry plays a prominent role in the word economic activity. Air cargo is playing an imperative role in the value chain of global transport and logistic, which in turn attracts cargo market to grow four to five folds by 2020 surpassing passenger's traffic growth.
- ✿ The Air Cargo Industry on the whole in India has grown significantly in recent years due to increased liberalization and enhanced competitiveness of many segments of Indian Industry. Government, in consultation with industry is constantly reviewing the need for further liberalization of the economy and takes steps towards globalization of Trade.
- ✿ The steady growth in the economy generally over the years has resulted in the growth of both exports and imports, which has, in turn, manifested itself in the gradual growth in all sectors of the economy, whether they be information, technology, manufacturing and the services sector of foreign trade. The air cargo industry is expected to play an active role in India's export and imports. The 5 major airports accounted for about 90% of the total cargo handled in the country; Mumbai Airport being the biggest amongst all the Indian Airports. International cargo handled has grown at 6.8% per annum while domestic cargo has grown at 9.9% per annum.
- ✿ The skies have definitely opened up for Air Cargo, but we cannot shut our eyes to the not so pleasant ground realities. Inadequate infrastructure, regulatory restrictions, fragmented EDI implementation, lack of trained manpower and security hazards are some of the glaring constraints still hampering the growth of our Industry. It is imperative that the Freight Forwarding fraternity, Aviation personnel & the Government put their heads together to arrive at solutions.



- ✿ As India is poised to become an international hub for air cargo operations in South Asia, the government is planning to issue more licences to boost the sector. An official of the Directorate General of Civil Aviation (DGCA) said more licences for cargo operations would be allotted once the metro and 35 non-metro airports across the country are upgraded and developed. In the meantime, the DGCA is expected to issue a few more licences to meet the growing demand for air cargo.
- ✿ The development of non-metro airports is scheduled to be completed by 2010, while metro airports would take more time. A cargo hub is coming up at Nagpur, Multimodal International Hub Airport at Nagpur,(MIHAN) in Maharashtra. Besides, metro airports are being expanded for cargo operations.
- ✿ Air cargo is playing an imperative role in the value chain of global transport and logistic.

INFRASTRUCTURE

- ✿ Our progress is indeed gaining great momentum, but, it is Infrastructure, which can ultimately revolutionize the Indian Air Cargo Industry!!
- ✿ With the continuous growth our Industry is witnessing, our current Infrastructure is under immense strain. We have been promised major improvements in this sector and it is the objective of the Government to provide world class facilities and services. With privatization, we are moving closer to our quest for Air Cargo Villages and Agents Bonded Terminals - but the progress should be much faster.
- ✿ The Air Cargo Agents Association of India (ACAAI) has made recommendations to the Ministry of Civil Aviation as regards infrastructure development. The Association has suggested that there is an urgent need for a review. In addition, it feels there should be a vision at the local level for overall effectiveness of the airports and a detailed look should be taken at the overall transaction, cost and time that the customer bears.



- ✿ Regulatory functions should be implemented in tune with trade needs. At the same time, national and local fora/interactions may periodically review the effectiveness of discussions and actions. Improved interface is needed between various parties at airports like handing over responsibility, liability, accountability, etc.
- ✿ ACAAI has and is playing a major role in the development of the new privatized airports of Hyderabad, Bangalore, Delhi and Mumbai.

STANDARDISED PROCESSES

- ✿ In an effort to standardize processes, the ACAAI has recommended that the Customs department be empowered to permit trans-shipment of Import Consul cargo at all airports, without trans-shipment bonds, etc. Standardisation of import/export registration, clearance, drawback and duty settlement, 'e-payment' of duty. Customs operations 24x7 and exemption from duty of containers are some other key recommendations of the ACAAI.
- ✿ The Association has also suggested to Indian Customs that Risk Management System (RMS) and green channel clearance be considered at all airports.

CONCLUSION

- ✿ While the global economic crisis clearly took the wind out the sails of India's growing aviation market, the bounce back is expected to be quicker for India. Even this year the Indian economy is expected to grow at around 5-7 per cent, with a bounce back in 2010 - 11 as the global crisis recedes.