APAO AGREES IN PRINCIPLE

URGES FOR AIRPORTS' INTEREST

Satyan Nayar
Secretary General, APAO

> "While we principally agree on the proposals of MoCA to promote setting up of AFSs, it is important to understand that the proposal of setting up of AFSs should not be at the cost of affecting air cargo business revenues of the airport operators or its concessionaires. The PPP airports and its concessionaires have invested huge amount of Capex to set up world class cargo facilities and therefore these investments must be protected to ensure that these asset do not become redundant or are optimally utilised"

The association of Private Airport Operators (APAO) presented its views before the Ministry of Civil Aviation (MoCA) about the economic importance of air cargo business in India and its contributions to airport revenues and also to the GDP of the state/country. "We notice that while huge investments have been made by all PPP airports in setting up world class air cargo facilities, however Indian cargo business is way behind the cargo business in Dubai, Singapore, Hong Kong etc," said Satyan Nayar, Secretary General, APAO. According to APAO, the importance and contributions of cargo business to the GDP and various problem affecting the cargo business has to be examined to understand huge cost burden incurred by Indian importers & exporters on account of high dwell times leading to huge inventory costs, speed to market, loss of opportunity, cost and hence being uncompetitive compared to their peers in other countries leading to loss of business. It is estimated that in India cost of logistics to GDP is 12-15 per cent whereas the developed countries have a rate of 5-7 per cent.

"While we principally agree on the proposals of MoCA to promote setting up of AFSs, it is important to understand that the proposal of setting up of AFSs should not be at the cost of affecting air cargo business revenues of the airport operators or its concessionaires," Nayar pointed out. "The PPP airports and its concessionaires have invested huge amount of Capex to set up world class cargo facilities and therefore these investments must be protected to ensure that these asset do not become redundant or are optimally utilised," he further explained.

APAO's Recommendations before MoCA

- Protect the existing cargo infrastructure investment of airport operator and its authorised concessionaire. Only they should be allowed to set up AFS within 200 km radius of airport. New entities should be allowed only to set up AFS beyond the 200km radius of the existing airport.
- Airport operators and its authorised concessionaires should be allowed to open an AFS at an existing CFS/ICD.
- Air cargo terminal operators shall identify and allocate required infrastructure for handling goods received from AFS.
- TSP charges at the airport should be derived based on market forces.
- There should not be any Customs Cost Recovery at AFS including at an existing CFS/ICD.
- MoCA should mandate that CFS/ICD should accommodate AFS space upon request of an airport operator or an authorissed concessionaire in order to keep the costs down.
- All references to security screening/scanning, security equipment CISF/BCAS should be removed from AFS Policy. The security infrastructure should not be duplicated at the AFS. The security screening should happen only at the airport.
- Area of AFS should be decided based on market forces. APAO recommens 5000 sq ft for both export and import and can be scalable both based on business growth in order to keep the cost down.
- Minimum prescribed equipment should be truck-dock and trained manpower.
- APAO feel that since AFS is a commercial project which will be based on commercial consideration there should not be any approval required from the ministry as is the case now.