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MAHATHIR-AIR FREIGHT

MAHATHIR CALLS FOR CONSOLIDATION OF AIR FREIGHT INDUSTRY

KUALA LUMPUR, Feb 17 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has called for a consolidation of the local air freight industry which is timely as the industry is expected to face tremendous changes from accelerated globalisation and liberalisation in the next few years.

To prosper in the 21st century, he said freight forwarders and airlines would no longer be mere movers of cargo, but instead have to offer a comprehensive service package involving warehousing and inventory management of goods as well as door to door delivery.

As business grows, airlines and freight forwarders might have to seek strategic partners in the transport and logistics chain, paving the way for mergers in the air freight industry which should include non-traditional players.

"Given such a situation, it is timely and relevant for the Malaysian freight community to work together to consolidate their resources and operations," he said at the opening of "Air Freight Asia 2000 conference," here today.

Dr Mahathir said that the consolidation of the Malaysian freight industry will benefit all parties with the players to profit from their foresight while their customers would enjoy better rates and services.

"The government believes that such mergers will boost our competitive edge in new markets in the Asia Pacific and beyond," he said.

Referring to the current consolidation of shipping and road haulage companies with the full support of the government, Dr Mahathir said the local freight forwarders should not only follow suit but also consider partnering with them.

This would enable them to become multi-modal companies or total logistics providers linking surface, sea and air freight businesses.

The prime minister also said that another significant development that might impact the industry was the merger of cargo divisions of airlines.

Although this relatively new development involves a very limited number of airlines, the benefits of such tie-ups would eventually encourage other airlines to enter into similar arrangements.

"In the near future, I would not be surprised to see existing airline partners of the two leading global alliances pooling their resources to compete more effectively with companies like Federal Express, DHL and United Parcel Service, which grew from courier companies to become pioneers of integrated air freight services.

"The air freight industry is likely to witness even greater competition between the traditional airlines and the integrators as they transform into total logistics service providers," he said.

Dr Mahathir also commended Malaysia Airlines for embarking on an expansion programme that would enable its cargo subsidiary, MASKargo, to be transformed into a total logistics service provider.

This programme includes identification of cargo hubs in major markets and to link them with the Kuala Lumpur International Airport (KLIA) at Sepang to form a new logistics network as well as forging strategic partnerships with airlines, logistics service providers and trucking companies.

"In addition, MASKargo has more than doubled its freighter capacity by increasing its fleet size from two to five B747-freighters last November, he said.

He said that MAS has projected MASKargo's fleet size to triple to 14 B747s by 2003 or 2004, which would provide the much-needed cargo capacity and frequency at the RM10 billion state-of-the-art KLIA.--BERNAMA

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