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## Opening doors to India

The Boston Globe

### Pact with US that ends limits on air travel may boost offshoring of jobs

By Keith Reed, Globe Staff | April 8, 2005

A deal between the United States and India could make it easier to travel between the two countries and outsource jobs.

The "open-skies" agreement, slated to be signed by Transportation Secretary Norman Mineta and Indian leaders later this month, would strike down decades-old restrictions on air travel and fares between the two countries. Current rules limit airlines in either country to serving a maximum of five destinations in the other nation and require airlines to submit proposed fares to authorities for approval before initiating service.

The end of those restrictions is expected to bring lower fares and more flights between the countries as airlines rush to add service. [Continental Airlines](#) said this week that it plans to start service between Newark and New Delhi in October, making it the first airline with a nonstop flight between the two cities.

A [Delta Air Lines](#) spokeswoman said it plans new service to Chennai from New York via Paris in May, and [Northwest Airlines](#) has applied for permission to fly between Minneapolis and Bangalore via Amsterdam. If the Transportation Department approves, the flights would start in October. There are no direct flights to India from Boston.

"The open-skies agreement creates a more competitive marketplace for the airline industry," said Continental spokesman Martin DeLeon.

Already, some local companies are anticipating the availability of cheaper and more frequent flights to India to make it more convenient to shuttle workers and executives back and forth.

"We need market forces to take over," said Marc Hebert, president of Sierra Atlantic, a software company headquartered in Boston and Silicon Valley that has most of its employees working in India.

Despite current restrictions, travel between the United States and India grew 86.1 percent to 520,827 in 2004, from 279,921 passengers in 2000, according to the Bureau of Transportation Statistics. The number of passengers flying between the two countries grew 29.6 percent between 2003 and 2004 alone.

That growth follows the trend of US companies increasingly outsourcing jobs to India and other nations. [Forrester Research Inc.](#) estimates that 1.2 million US jobs will be sent offshore by 2008, up from 315,000 in 2003.

US airlines can now only fly to New Delhi, Mumbai, Chennai, Calcutta, and Bangalore from the United States. Indian carriers can only fly to New York, Chicago, and Los Angeles.

That's a problem for Sierra Atlantic, which develops and supports software for larger companies like Oracle and spends more than \$1 million a year on air fare to bring its employees from its office in Hyderabad, India, to the United States.

An average jaunt between Hebert's office in Fremont, Calif., to Hyderabad takes more than a day. First, there's the 18-hour flight from San Francisco to Singapore, punctuated by a layover in either Hong Kong, Tokyo, Taipei, or Seoul. Once in Singapore, there's a six-hour layover.

"Now you're 24 hours into the trip and you're not in India yet," he said. "If you're not lucky, you've got to go into

Chennai and then another hour flight into Hyderabad."

Some aviation specialists said they view the agreement as a benefit to travelers but cautioned that the sea change many are looking for could take years to materialize.

Bringing down the political barriers may prove a lot easier than maintaining and filling huge jets for 20-hour trans-Atlantic flights, said Dan Kasper, head of the aviation practice at LEGC LLC, a Cambridge consulting firm.

Kasper said he doesn't expect a flood of nonstop service anytime soon but added that the "open-skies" agreement is significant.

"It's still important because carriers now know that they can do this without any worries that they can be blocked by some competitor with ties to the government," he said.

The agreement comes as the Bush administration is trying to improve its diplomatic ties to India as US companies increasingly send jobs to that country, where the labor is highly skilled but much cheaper.

Secretary of State Condoleezza Rice traveled to India to meet with that country's leaders last month, and Mineta will travel to India later this month to sign the aviation deal. Transportation Department spokesman Brian Turmail said talks between Mineta and India began last year and that the agreement is "another sign of the incredibly strong relationship with India."

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