

MEDIA INFORMATION

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Air freight business drifting seawards

Food and logistics experts address modal shift concerns at the Cool Chain Association annual conference

At the recent Annual General Meeting of the Cool Chain Association (CCA) in Paris (20-21 May 2014) some of the issues surrounding structural changes in the supply chains for perishable food and flowers were debated by a group of experts representing shippers, analysts, logistics and industry specialists from over the world.

Evidence was presented showing that some shippers of perishable foods and flowers are steadily migrating from air freight to sea freight. According to the CCA it is time for the air cargo industry to counter this by adopt a more innovative and integrated approach to its delivery of temperature managed logistics.

Perishable food

Recent research from Seabury Group shows that the transportation of perishable food and flowers by air has dropped substantially over the past 13 years as the shipping sector steadily nibbles away at the air industry's share of the market. From around 7% by weight of all air and ocean international perishable trade in 2000 to just 4% in 2013, this deterioration has worrying implications due to the fact that perishables represent a significant proportion, around 13%, of total world air trade. The loss equates to a shift of about 1.1 million tonnes of perishable merchandise to a shipping industry which has actively courted the perishables sector by better understanding its needs and by investing in the necessary coolchain infrastructure for improved reliability and performance.

As a result, significant shifts in air freight volumes have been recorded for many high volume fruit and vegetable (FFV) products including cherries (down from 86% airfreight to 48%), papaya (79% to 46%), capsicums (66% to 15%) and lettuce (33% to 8%). One of the biggest air freight losses of all has been for tomatoes which have dropped from 65% to 11%, a fall of 55%.

Whilst cost pressures have been a fundamental factor in these trends, other contributory reasons include an increasing fragmentation of the global market for perishables together with the air industry's inability to respond quickly to market and political uncertainties due to inherent structural inflexibility. In the view of many commentators there is also a pressing need for further investment in improving airside cargo temperature management facilities and procedures.

That's not all. According to Stavros Evangelakakis from Cargolux Airlines, one of Europe's largest air-cargo operators, the seasonality of many perishable products creates difficulties for some carriers to plan and allocate the necessary freighter capacity and this periodic variability can place undue stresses on coolchain integrity during peak times. Further problems stem from the chronic trade imbalances between emerging regions such as Latin America and the major North American and European markets which can lead to difficulties in filling vacant cargo space on return legs.

Flowers take leave

The international market for flowers has been following the same supply channel trend as perishable foods, although not quite to the same degree largely on account of the extremely short life-cycles of most cut stem flowers. While the flower business will always need air freight, and notwithstanding the fact that a typical time from flower farm to vase using sea freight is nearly double that of air-freight, Christo van der Meer of grower co-operative FloraHolland nevertheless anticipates an increasing modal shift of flowers from air to sea. This, trend

he says, is largely being driven by the significant investments of sea freight companies in new reefer technologies which are strongly improving quality.

Protected by a stable temperature in the latest reefer containers, flowers can still arrive fresh enough to allow for 3 days international transport in Europe, two days shelf life and a vase life of seven days. Mr van der Meer stressed that flower traders are not particularly concerned about the mode of shipment. Their interests are centred around quality, cost and to an increasing extent, carbon footprint.

Conclusions

Soufiane Daher, Senior Analyst at Seabury Cargo Advisory had this to say: "Going forward, mode shift may intensify for perishables due to improving atmosphere control in sea cargo. Even though volumes may have already shifted on short trade lanes, longer lanes face the risk of mode shift when container technology will allow for slower ripening during long voyages."

After considering the above facts and trends, the CCA expert group concluded that the air freight industry has an urgent task on its hands if it is to stem the drift from air to ocean. More adaptability, more innovation and a need to focus on coolchain technical performance and cost-efficiency were all cited as being of prime priority. There is also a clear need for more transparency and common standards from the air shipper community. Finally, these changes need to be pursued in an environment of strong supply chain partnership with an emphasis on closer collaboration between manufacturers, logistics companies and customers.

Comments Malik Zeniti of DuPont, manufacturers of the Tyvek® range of protective air cargo covers: "When it comes to transporting perishable food and flowers, the sea freight industry has a huge disadvantage, namely time, and yet it has succeeded in growing its business at the expense of air. The reasons are not just down to cost. Sea transport has put a lot of effort into raising its coolchain performance and reliability, standardising its procedures, putting infrastructure and effective monitoring programmes into place and working closely with its customers. These are activities that the air freight sector needs to replicate if it wants to protect its market share."

Sebastiaan Scholte, chairman of the CCA noted that despite the seasonality, imbalances and high claim probability, perishables remain an attractive commodity for many airlines, mainly because of the predictability of volumes and the density which enables them to combine with the right volume in order to optimize space. It is demographics much more than economics that determine the growth of perishables.

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For more information, please contact the Cool Chain Association at: sec@coolchain.org

Note to Editor:

The COOL CHAIN ASSOCIATION (CCA) is the leading global community for temperature-sensitive supply chain professionals. See www.coolchain.org

Operating as a non-profit organization, the CCA was founded in 2003 with the aim of synchronizing the cool supply chain in order to improve the quality of perishables and temperature sensitive products and thus prolong their shelf life and reduce wastage. Presently, approximately 30% of harvested fresh products decay due to incorrect handling and inefficiency in the cold chain.

As a result, the CCA and its members, together with certification experts Germanischer Lloyd, created the cold chain logistics quality standard, the Cool Chain Quality Indicator (CCQI). This standard is the first ever attempt to set standards for the entire logistic industry in the handling of perishables and covers the entire cool chain from producer to retailer.

PHOTO CAPTION:

Delegates to the 2014 CCC conference were given a conducted tour of the 232 hectare Rungis Fresh Food Market in Paris - the world's biggest - where they were able to witness first hand some of the infrastructure and expertise necessary to bring perishables quickly and safely to market.

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