

## Perishables

# More freight from Africa and Asia

Growth projections for the export of fruit, vegetables, meat and fish from Africa and pharmaceuticals from Asia are attractive.

The question is: can the airlines earn money with these goods?

The problems of African and Asian exporters of perishable goods can only be solved by innovative route planning and full-freighter capacities. The statement was made by Theresa Pütz, manager cargo development and projects, at the Dubai (United Arab Emirates)-based carrier Emirates Airlines, during her lecture at the Fresh Opportunities Congress 2006 in Munich (Germany). Dubai is an ideal transit hub as it is located halfway between Asia, Europe and Africa, and offers a free trade zone and customs-bonded warehouses for refrigerated products. Moreover, the cost is right. The Dubai Flower Centre has been fully phased in and offers a capacity of 180,000 t and 34,000 sqm of temperature-controlled floor space. It handled 400 t per day in 2006, so the centre is still not operating at full capacity, and is available for other products besides flowers. The construction of complementary facilities such as the Nairobi Flower Centre (Kenya) supports the development of seamless cool chains from Africa via Dubai to Western Europe or Russia, for example. The latter is one of the fastest-growing markets for flowers.

## Flowers and fish from Africa

75% of all airfreight out of Africa is destined for Europe, and demand for the continent's floriculture produce (flowers and plants) fruit, vegetables, meat and fish is rising. These temperature-sensitive goods account for around half of total traffic and mainly originate in South Africa and Kenya. The Netherlands is the largest trading partner in Europe, followed by Great Britain, Germany, Spain and Belgium.

The airfreight forecast 2006–2020, compiled by Merge Global, indicates that airfreight traffic on the Africa–Europe route will grow at 7.1% per annum up to 2010. The volume of refrigerated products will increase even faster. Growth in this segment will be two and a half times as fast as in the years 2000–2005. This is due to the emergence of new production countries such as Ethiopia, among other factors. Experts assume that the volume of exports from Kenya to the Netherlands (cut flowers in particular) and



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from South Africa to Spain (fish is the main commodity here) will be the fastest-growing sectors. Different studies have revealed that the African floriculture market has the potential to grow by 15–20% per year.

## Booming Asian life sciences market

Asia–Europe is the world's largest intercontinental air trade market. It is forecast to grow by 7.7% per annum. However, temperature-controlled foodstuffs only account for 2% of the airfreight market, even though numerous countries in the Asia–Pacific region export substantial quantities of flowers, meat, fish and other seafood. Experts expect India to raise its flower and plant exports from USD 760 million to USD 1.3 billion in the next few years. China is currently discovering the floriculture industry.

Asia's strongly-growing pharmaceutical export trade is even more interesting for the airfreight industry. The value of the Indian life science industry is estimated at USD 8.8 billion. Around 38% of India's pharmaceutical industry's revenues come from exports. According to experts' statements, growth here is expected to top the 20% per year mark until 2010. An increasing number of multinational corporations are attempting to gain a foothold in India, and are carrying out clinical trials for new drugs in that country as costs are lower than in the USA or Europe.

A dynamically-growing pharmaceutical industry is evolving in neighbouring Bangladesh too. This country imports raw materials and processes them into finished products for export. The Pakistani life sciences industry, which formerly focused on the domestic market, is preparing to enter the export market too. The same applies to China, where the cold chain is still in its infancy.

## Lack of capacity

Pütz said that these opportunities present several challenges. Low demand for passenger flights to/from Africa, with the exception of South Africa, leads to a significant shortage of belly capacities. Moreover, passenger airlines are unable to cope in an adequate manner with the normal, seasonal fluctuations in fruit and vegetable exports. Pharmaceutical exports from Asia aggravate the existing imbalance in goods flows (see page 11 in this issue) and they are obliged to compete with high-tech products and consumer goods for scarce hold space although the airlines, earn more money with pharmaceuticals than they do with the transport of agri-produce. Nevertheless, perishables must be a lucrative money raiser for airlines, given the new capacity offers that different carriers have launched.

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