

Food air freight – policy and infrastructure

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Food Ethics Council

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The perishable air freight sector



- Perishables largest air cargo sector, 14 -18%
- 80% is agricultural produce, fish, meat, processed foods
- Perishables growing 10% + annually
- South feeds the North
- Shift from passenger bellyhold to dedicated freighters

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Many types air cargo – consumer goods and components for their manufacture, mail, hazardous, heavyweight e.g. construction materials, oil & gas...

All kinds food - bananas, wine, whisky, confectionery, pet food...

Specific segment - perishable air freight sector

- Perishable means temperature sensitive - largest sector, 14 -18% of air cargo by volume
- Chemicals, medicines. 80% = agricultural produce (fruit, veg, ornamental plants - cut flowers, also foliage, border plants, fish, meat, prepared foods.
- Perishable is fastest growing air cargo sector 10% + annually – industry estimates, globally
- South feeds the North. Up to 80% of some African and South American countries' air freighted exports are perishable produce (World Bank, 2006). Growing exports to ME, Asia/Pacific, substantial exports from wealthy countries e.g. Scandinavian fish. Australian veg.
- Shift from bellyhold of passenger flights to dedicated freighters (OECD 2006), capacity 100+ tonnes

Air freighted food hot topic, what's actually going on at airports?



Imports up 31% in 2006 (Defra, Oct 07) revised to 11%

- Heathrow – BAWC 2006 115,000 tonnes - fruit, veg, fish, other carriers e.g. Virgin
- Stansted - a lot trucked to Heathrow
- Gatwick – “
- Kent – 20,000 tonnes + 2006
- Manchester – including on short haul from Spain & Turkey?
- Humberside - fish from Iceland, export processed products
- Robin Hood – import flowers from Florida, export lobsters to Spain
- Glasgow Prestwick – exports include seafood products, whisky

Small amounts, several other airports, 68 in UK registered for freight,

Multimodal, air imports to mainland Europe – Germany, Netherlands, France etc. some of it trucked here.

Where from? Kenya, still. In recent conflict freight flights held up better than tourism, armed guard for trade corridors. Not just from Nairobi, Mombassa

Eldoret Airport, Kenya...

Image: Google Earth
00°24'16"N, 035°14'20"E

Eldoret Airport, Kenya, Rift Valley conflict

150 tonne cooler, first flights flowers to Europe in Feb 08

What about requisite infrastructure at expanding and new airports?

Addis Ababa Airport, Ethiopia...

Image: Google Earth
08°58'00"N, 038°47'54"E

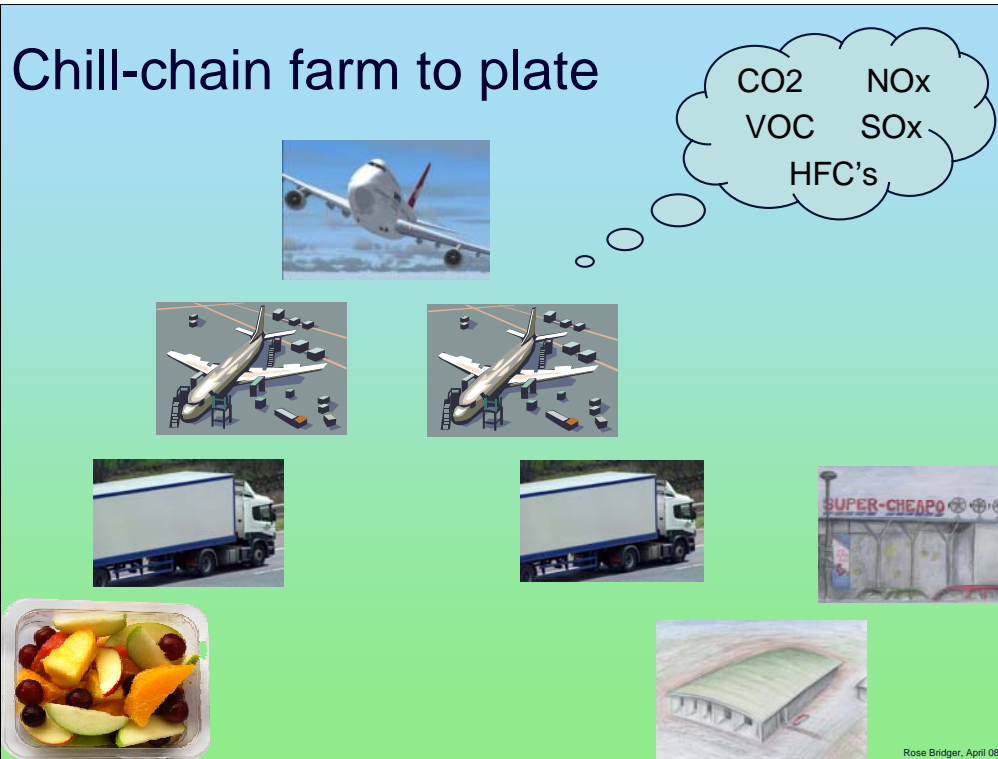
Addis Ababa Airport, Ethiopia cargo terminal – Flowers, UK 2nd biggest market for roses. Also growing quantities of veg, fruit.

Another P export terminal? EHPEA target \$1.4 billion within 5 years. Fertile land around airport designated for export. Subsidies, incentives, tax breaks - 750 ha free to investors, free water ...

Kenya and Uganda, farms threats of relocating. Lowering production costs a concern. Firms chasing comparative advantage in the form of incentives.

Looking globally at new & expanding airports perishables is widespread & prominent. UK often a key target market, e.g. Thai shelf-ready perishable products flown to Europe, 60% sold in UK supermarkets (Bangkok Post, Sept 2007).

Export infrastructure regardless of oppressive regimes, conflict, displacement of people, unreliable weather reducing agricultural yields. All of which impacting on food security and hunger.



Not just airport facilities. When walk into refrigerated aisles at SM, chill-chain extends around the globe.

Temp control on plane, or planes, interconnecting flights x ? via Dubai, Cairo, Delhi, Sri Lanka, Jamaica...

Fruit salads, mixed veg – labelled 'produce of various countries', multiple connecting flights.

"Weather proof pipeline" – contributor to climate chaos outside ... Fossil fuel dependent, refrigerants potent GHG's

Industry estimates 30-35% thrown away, pre-consumer.

Airport aligned agricultural export zones

- Land allocation, infrastructure - chill-chain, water, power
- Subsidies, incentives, regulation
- Incentives for import of farm inputs, value adding equipment

Guwahati Airport, India
Image: Google Earth
26°06'22"N, 091°35'09"E

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Along with chill-chain, airport centric development – ‘Airport aligned agricultural export zones’

Designated, adjacent to airport or via dedicated trade corridors. e.g. Sri Lanka, Gambia, Tanzania, India. Effectively part of airport complex. Can be multimodal.

- Allocation of land - resources, power, water funnelled into developments.
- Supported by soft infrastructure – subsidies, regulatory infrastructure. E.g. Guwahati Airport -India designated export hub, up to 50% or 90% subsidy on internal air freight costs of some types of produce for export from Mumbai or Delhi, where monthly volumes of perishable exports more than doubled compared to previous year (Cargo Talk, March 2008)
- Incentives for imports for export supply chain - farm inputs, value-adding e.g. packaging & processing.



What's flown around?

Trace airborne food chain further back than the farm.

Return flights – often almost empty to Kenya (World Bank 2006)

or...

Can be flown in:

Livestock, veterinary products, full complement farming inputs, agrochemicals, seeds...
export horticulture can be input intensive.

Heavy equip – farming, refrigeration equipment. Grown in the sun? India, Kenya, Colombia, Ethiopia being plastered in plastic greenhouses.

Food aid, back to countries exporting fresh produce.

Incoming flights frequently oil exploration and extraction related e.g. Ethiopia, Sri Lanka, Ecuador. Several key carriers heavily involved in both perishable and oil equipment cargo sectors e.g. BAWC, Etihad. Development of air freighted export horticulture can be complementary to oil based industrial development.

Questions about global infrastructure expansion

- Development plans globally - capacity, export / import / trans-shipment targets
- Financing, ownership, policy support
- Corporate connections, contractual arrangements
- Market concentration and state / corporate power
- Capital, technological & regulatory requirements - barriers to trade

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What we need to know about the global expansion

- Trends and drivers, start with development plans –capacity, types of produce, trade flows, export / import / trans-shipment targets. Concurrent expansion of trans-shipment and import capacity, does it match? Export over-capacity?

Questions about supply chain power:

- Financing, investment, ownership – brings control. International agencies, FDI, many kinds of firms, governments. Policy support – planning, subsidies, regulation.
- Supply chain often aligned with major supermarkets - corporate connections. Contractual arrangements e.g. bilateral trade deals - exchange resources for infrastructure.
- Market concentration & corporate/state power. Flag carriers dominance, state corporations e.g. Icelandair into Humberside, Emirates SkyCargo.
- Capital, technological & regulatory barriers to trade. Big scale, expensive kit, upgrade path.

Gusau Cargo Airport, Nigeria...

Image: Google Earth

12°10'18"N
06°41'46"E

What's happening at all the development sites e.g.:

Gusau Airport, Nigeria's largest runway, meat, veg to ME, Europe, Canada...

Similar in other Nigerian states

So many countries, food riots - Egypt, new airport, privately owned, cold storage, 16 sq km for organic agriculture.

As well as big picture of global trends, what's happening on the ground?