

bmi



**“World cut flower congress -
conclusions”**

Ian Gregory – Operations Development Manager

Attending the congress?

- **Floral suppliers**
 - Flower growers
 - Importers/exporters
 - Biotech companies
- **Flower markets**
 - Supermarkets
 - Wholesalers
 - Packaging firms
 - Florists
- **Logistics**
 - Air cargo companies
 - Airlines
 - Freight forwarders
 - Data tracking and logistical solutions

Retailers and growers from 21 countries and 5 continents

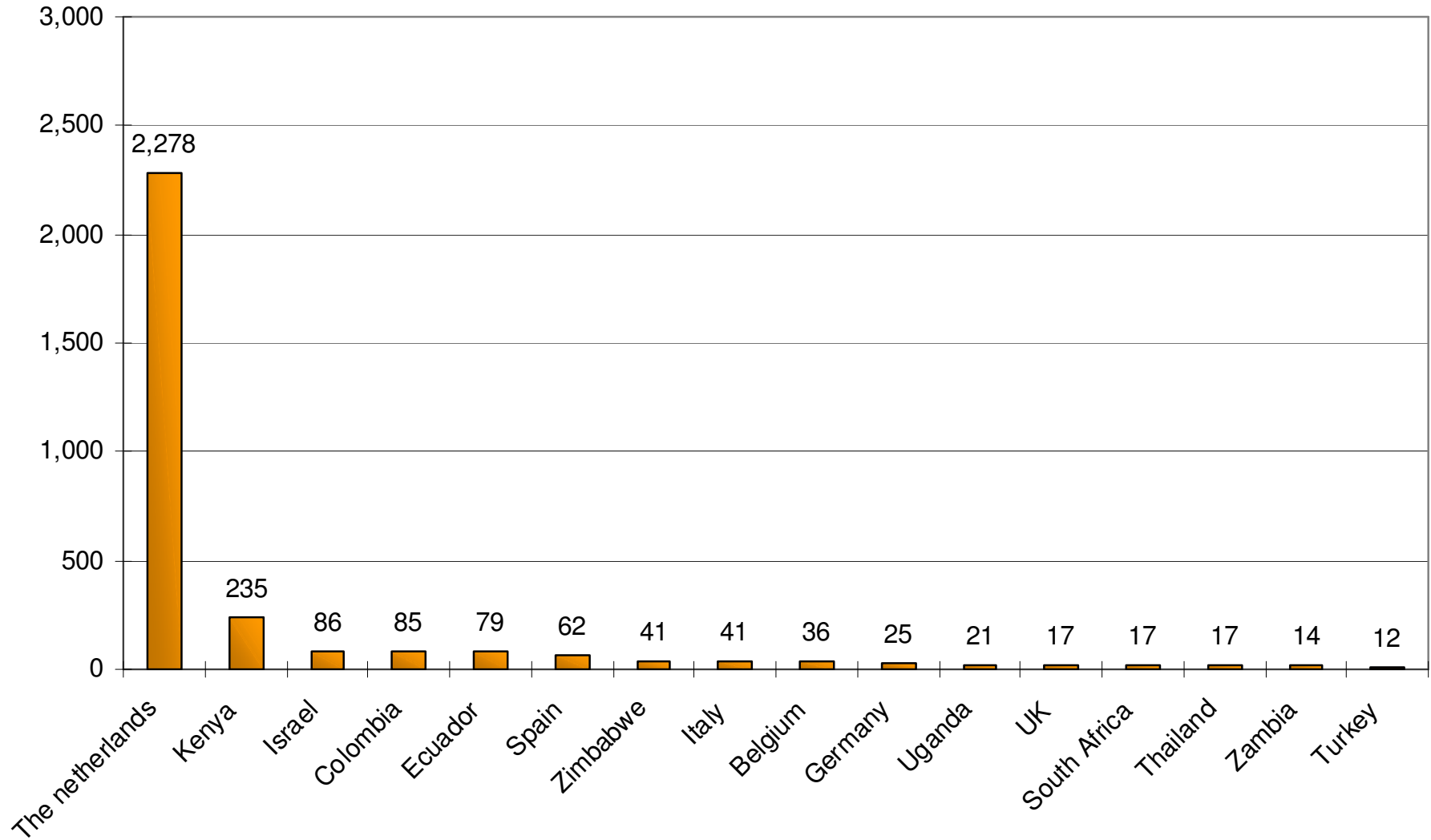
- Europe
- North America
- Asia Pacific
- China
- Africa/Middle East

Key issues - European facts

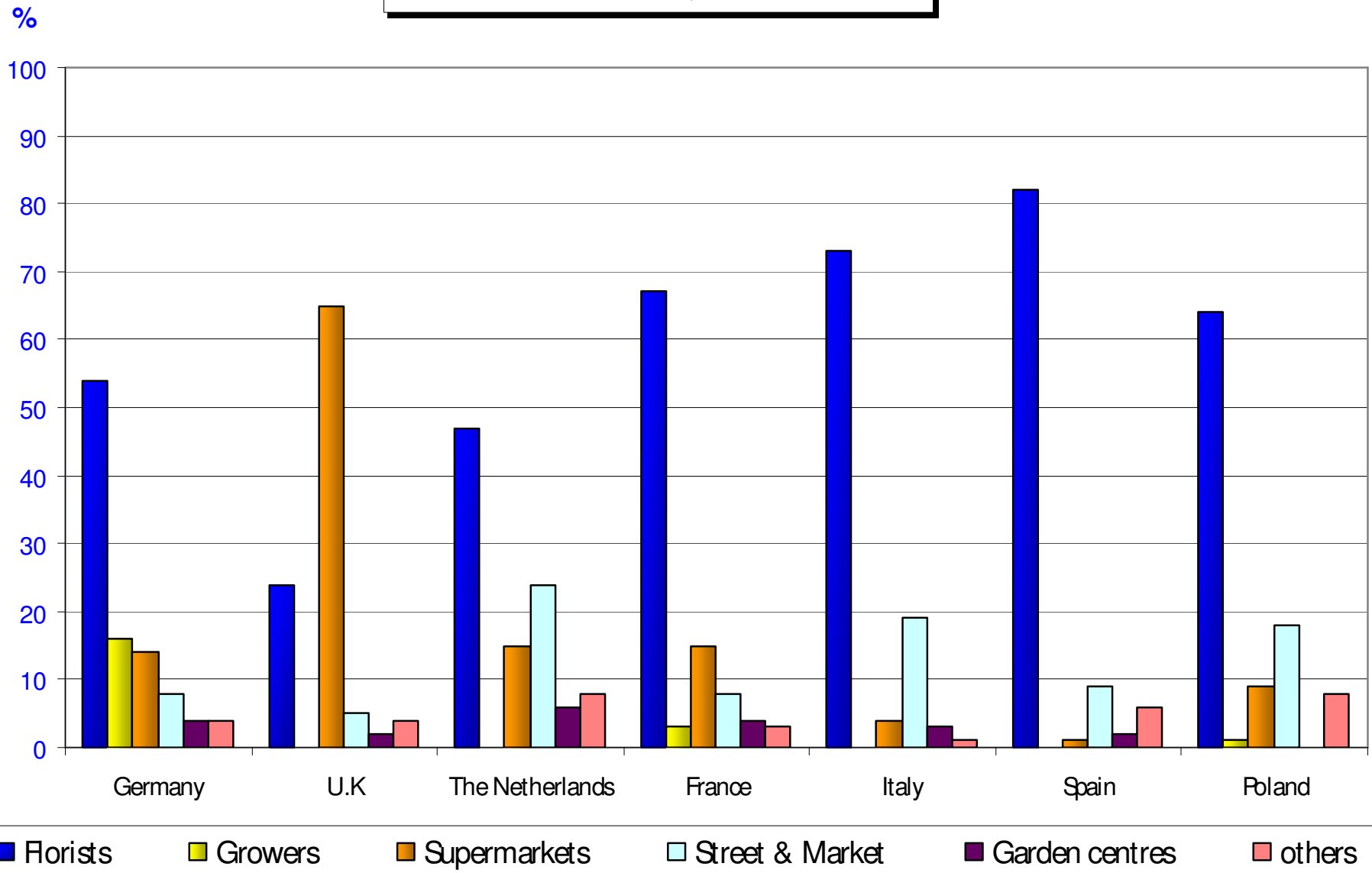
- EU is the worlds leading importer of cut flowers & foliage with €3.1 billion in 2004.
- Largest supplier to the EU is Kenya (€235million)
- The Netherlands share of the import market is 61%
- EU consume over 50% of the worlds flowers. Germany is the biggest consumer (€2,972m) followed by the UK (€2,667m) France(€1,939m) and Italy (1,804m)
- EU exports amounted to €2.6 billion in 2004
- Netherlands was the main supplier of cut flowers and foliage to other EU member states in 2004, accounting for almost €2.2 billion

Leading suppliers of Flowers & foliage to the EU, 2004

€ million



Share of retail in EU, % of total sales



Source: Flower Council of Holland 2005

North America - conclusions

- Solutions top tackling the problem of 'added value' to the US consumer.
- How best to support the retail market for industry growth
- Challenges posed in the Supply chain by freight charges.
- Managing airport handling and AMS rules.
- Funding and developing domestic production.
- Sourcing new suppliers outside of south America

In 2006 at Delaware Valley Wholesale Florist, origin of Fresh Cut Product is as follows;

- Colombia 47%
- Ecuador 14%
- Costa Rica 3%
- USA/Canada 20%
- Mexico 3%
- Holland 8%
- Others 5%

Source: Tim Dewey- Delaware Valley Floral Group, Sewell, New Jersey, USA

Asia Pacific / China /Africa conclusions

Asia Pacific

- Pre and post –harvest infrastructure
- Yield levels
- Government policy to developing an extensive export market

China

- Internal transport constraints and infrastructure development
- Export value reached USD\$ 144 million with an increase of USD\$46.7 million over the previous year.
- Flower planting area of up to 636,000 hectares

Africa

- Kenya is the no 1 supplier of cut flowers to Europe.
- Lack of Technology
- Lack of training
- Post – handling techniques

Retailers

v

Airlines

Retailer perspective

“Up to 30% of fresh produce is wastage through poor logistics”.

“Temperature has the biggest impact on quality”

Tesco

Source: David may – Technical Manager -

“Temperature abuse is the single most important issue to tackle for the future”

Source: Philip Symons – Produce Manager – Marks and Spencer PLC

Airline Perspective!

- 20% of all air cargo is Fresh / Perishables
- Fresh is a core business - 9% of turnover
- Flowers is a relevant part of our fresh traffic

Source: Rogier van Beugen – Commercial Director fresh logistics

Our role in the Cool Chain

Operational Airline process broken down:

- 1 - Pallet build up and storage until flight departure (environment?)
- 2 - Transport warehouse to ramp -> outside
- 3 - Loading of aircraft -> outside
- 4 - In-flight temperature setting -> an aircraft is not a refrigerator!
- 5 - Offloading of aircraft -> outside
- 6 - Transport of aircraft to warehouse -> outside
- 7 - Storage until pick up from warehouse

- All of this is a high Security environment -> customs involvement can slow down the process and add complexity

- Very cost competitive;
 - > Sourcing from Kenya now and from China tomorrow?
 - > Should we invest in a business that changes very fast?
 - > Customer loyalty is linked to price.....?

Closing Statements

“Growers, exporters, importers or retailers benefit from improving quality as this can improve their sales.”

“They have to reward airlines (and other players in the chain) offering higher quality services, with long term commitments.”

“Without long term commitments (most) airlines will not have the drive to change.”

“The current business environment for airlines is high fuel cost and tough competition; airlines will probably NOT invest without an incentive;”

What is the future of the PTSP Industry?

- Perishable centres

Miami

Amsterdam

Singapore

Dubai

- Ground handlers

Investment of specialised equipment

Training

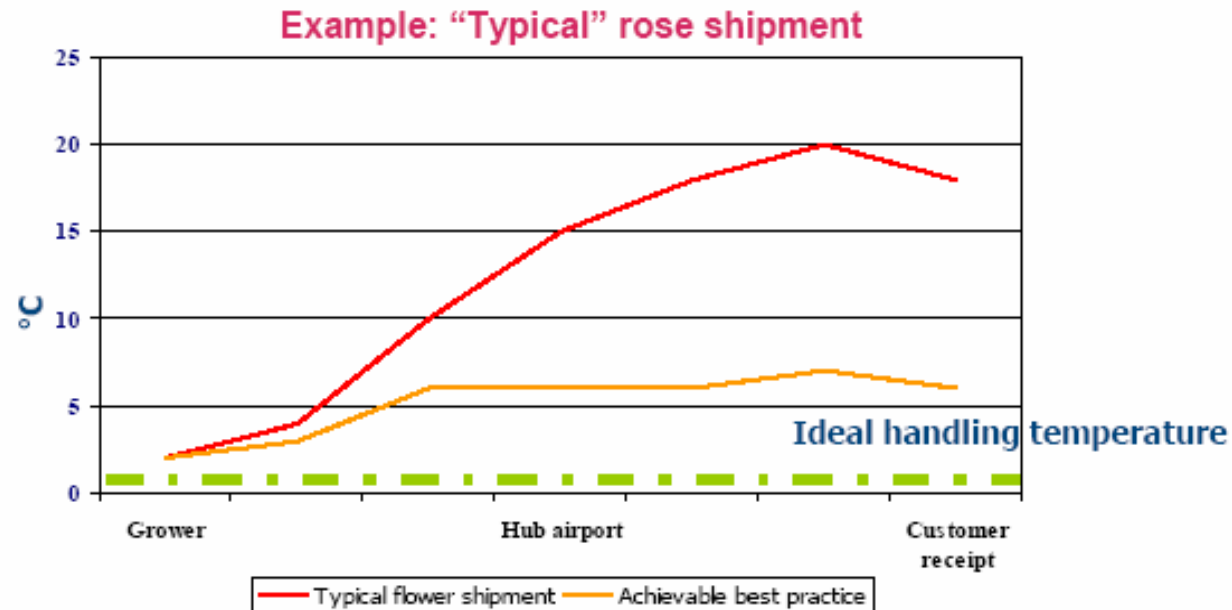
- Cargo handlers

Training

Temperature controlled storage rooms < -18c - + 22c

Temperature recording devices

Perishable logistics still faces quality challenge



- 20% of perishable value lost across the supply chain
- Airports, in particular hubs, represent one of the main sources of breaks in the cool chain

Source: Dubai flower centre

Dubai flower

- Dubai Flower Centre has implemented a range of technology solutions to increase visibility in the supply chain.
- A bespoke cargo handling and warehouse management system, which handles the management and monitoring of perishable consignments, from the moment an aircraft arrives at the facility.
- A cargo tracking system enables customers to track their flight status, shipment loading and the temperature of their products throughout the supply chain.

The future!



Final conclusions!

- Yields low
- Value chain is disproportionate
- Europe is dominant
- China and Africa are emerging as major flower markets
- Supermarkets are pushing the industry to raise the standards.
- Airlines must listen to the industry and manage their suppliers to include “cool chain” standards for the flower and Perishable industry.

My final thought !

“Almost 90% of Air cargo carried globally depends upon an uneasy alliance among a network of Airlines, freight forwarders, ground handlers and other parties. Each participant depends upon the others for its operations, growth and survival, but also competes with them for profits. Because each optimises its own operations no one optimises the system, decreasing the value of Air transport to shippers and consignees”.

Source: An extract from a paper prepared by Stephen Appold of the Frank Hawkins