



THE UPDATE

Captain's Blog

The looming crisis of international airfreight

The clock is ticking on a lifeline for the seafood industry in a COVID-19 world.

The government's International Air Freight Capacity Scheme (IAFC) came at a crucial time to many in the primary industries that were shipping fresh goods and produce overseas.

Prior to border restrictions being imposed because of COVID-19, 550 international flights left and arrived in New Zealand every week. With most international passenger flights grounded, the 80 percent of freight that was carried in the holds of those aircraft was left high and dry. Medical supplies could not get in and perishable goods could not get out.

In March last year, the government set aside \$600 million for an aviation support package and around half of that was allocated to ensuring capacity was maintained on key freight routes.

For those who produce live and chilled products air freight is the only option to get those goods to market.

Once COVID hit and the freight options dried up the cost of air freight severely impacted many industries. And that was even if industries could get a flight for their goods, as many airlines cancelled flights with almost no notice. Perishable products cannot wait two days for the next flight.

However, once the IAFC was implemented costs stabilised at levels that enabled business to be maintained. The scheme provided not only additional financial support to maintain international air freight capacity but the certainty of flight scheduling.

The seafood industry is extremely grateful for the IAFC and, equally, it is very concerned that the scheme is due to finish at the end of March with no indication New Zealand's borders will open to international passengers anytime soon.

Discontinuing the scheme before international passengers are again travelling freely in a post COVID-19 world, would be a disaster for live trade.

The seafood industry, and others that rely on live and chilled trade, are more concerned with achieving certainty around the number of flights throughout the week than the cost of that air freight.

While cost will always be a concern, a sufficient number of flights to ensure products can reach international markets is a more fundamental requirement than returning to former air freight cost levels immediately.

The end to the IAFC would be dramatic. The result would be reduced scheduling, which in turn would reduce capacity and then the resulting increase in costs. Space restrictions would ultimately lead to exporters again relying on charter services to meet market demand at hugely inflated rates.

While this is something the seafood industry was able to absorb for a short period initially, it is unsustainable in the long term.

If the rates increased further due to a loss of the scheme our high-value fresh exports would see a further drop in volumes, and see our products lose their foothold in many markets as a result.

New Zealand sits at the bottom of the world, and air connectivity is the only viable way to send our fresh produce globally.

While remaining very grateful for the IAFC to date, we will be urging the government to continue with assistance for our exporters and importers until borders open and passenger aircraft, which carry the bulk of New Zealand's freight, are once again at, or near, normal capacity.



Primary Industries
Good Employer Awards
Ngā Tohu Kaitukumahi Pai o
ngā Ahumahi Matua

2021 Primary Industries Good Employer Awards

Entries for the 2021 Primary Industries Good Employer Awards close today at 5pm.

The awards celebrate food and fibre sector employers who demonstrate exceptional employment practices.

All primary sector employers and businesses that provide services to the primary industries are eligible.

The four award categories include:

- Employee Development
- Safe and Healthy Work Environment
- Maori Agri-business
- The Supreme Award presented by the Minister of Agriculture

To nominate an industry partner, complete the following [entry form](#); or for more information about the awards, visit [MPI's website](#).

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