

SE Aviation  
HD **Milk** in the belly bound for **Chinese** kitchens  
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WC 771 words  
PD 5 December 2014  
SN The Australian  
SC AUSTLN  
ED Australian  
PG 29  
LA English  
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Innovative tracking technology will keep copycats at bay

QANTAS Freight and partner Peloris Global Sourcing have combined to **milk** a unique opportunity in **China** they believe will improve with the introduction of the free-trade agreement with Australia.

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The partners worked for two years to develop a streamlined way of getting fresh **milk** into **China** quickly enough to give it a shelf life that would allow it to be **sold** in supermarkets.

They developed special packaging and handling procedures for transporting fresh **milk** that would meet the requirements of **Chinese** authorities. The partnership exported 50,000 litres in the first quarter starting June and increased that to 110,000 litres in the second quarter and is expecting to double the volume each quarter for some time.

"The reason it's possible is that we've managed to present a solution to the **Chinese** authorities that meets their testing and health and safety regulations ... which has meant they've changed their processes to allow the **milk** to be cleared in a week," said Peloris managing director Peter Verry. "Previously it was three weeks and, of course, the shelf life of fresh **milk** is about 14 to 20 days." The international export consulting **company's** cold chain pipeline solution includes quality assurance and handling controls to meet or exceed **China's** food health and safety standards.

The product is maintained at an optimal temperature at all times during transit and uses an innovative product security system that identifies and tracks individual units from the farm to consumer.

There is a strong desire for Western premium food in **China** which, along with a mistrust of local production processes, has led experts to predict a potential market for fresh **milk** of 10-20 **million** litres a year. "But it could go beyond that," Mr Verry said. "It will take time because with a new product in **China**, there's got to be an awareness of it. There's a huge amount of UHT **milk sold** into **China** from overseas so there has to be some education of the public to understand the difference between UHT **milk** and fresh **milk**. So that's happening, but 20 **million** litres a year would not be an exaggeration at this point." There now four producers qualified to ship fresh **milk** to **China**. Qantas has already transported 30 bulk shipments this year, totalling 220,000 litres and Qantas Freight executive general manager Alison Webster said the airline had the capability to be at the front line of demand growth for fresh **milk**.

"We've got both belly space on our daily Sydney-Shanghai services that's being used to carry this **milk**," she said. "But we've also got our 747-400 dedicated freighters which do a Sydney-Shanghai leg four times a week out of Australia.

"And it absolutely needs to be air freighted because that's the fastest and most viable way we can get in there because of that short shelf life." The **milk** sells for \$8-\$10 a bottle, giving locals ample motive to print fake labels and making necessary the scanning system, which is accepted by the WTO, the OECD and **Chinese** authorities. The **milk** is flown in to Shanghai but Peloris takes it overland to Beijing and clears it to get it on supermarket shelves in the capital the same time it hits the shelves in Shanghai.

Qantas helps with its own local expertise. "We have a dedicated freight manager based up in Shanghai and he makes sure the operation runs absolutely smoothly and he's very well connected in the local market," Ms Webster said.

The companies expect the trade pact in **China** will boost commerce with Australia and produce opportunities beyond **milk**.

"**Milk**'s the beginning of other Australian produce that is going to be much marketable in **China**," Ms Webster said. "With the signing of the free-trade agreement, the **dairy** tariffs will be phased out over the next four years. I think is going to grow quite quickly." Ms Webster said the airline wanted to partner with more Australian producers and manufacturers to get other Australian produce to **China**.

Mr Verry said Peloris was working to get chilled beef and seafood into **China**. However, he cautioned that the free-trade agreement would not make it easier to get products into **China**. "Actually, it doesn't make it easier, but it does make it more affordable," he said. "They don't magically waive the regulations just because of the free trade agreement, it's more about the tariffs."

**CO** qntas : Qantas Airways Ltd

**IN** i75 : Airlines | i7501 : Scheduled Passenger Airlines | iaitr : Air Transport | itsp : Transportation/Shipping

**NS** ccat : Corporate/Industrial News

**RE** china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

**PUB** News Ltd.

**AN** Document AUSTLN0020141204eac500043