

# Agriculture Logistics: Next Sunrise Industry



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By **Gaurav Kanabar**  
International Editor,  
Global Investor Spotlight



Logistics has always been a central and essential feature of all economic activity. Not long ago agricultural produce were transported to the marketplace on a farmer's wagon. Barges and other types of ships were also widely used by Dutch market

gardeners. Nowadays Green beans arrive in the Netherlands by air from Africa, bananas are delivered in refrigerated containers by sea from Central America and palm oil seeds arrive by bulk carriers from Asia. Flowers that pass through the Dutch flower auctions in the morning will be on sale that same evening in New York and bought by customers in Tokyo the next morning.

The Agriculture logistics industry has consciously strived to be at the focal point of strategy formulation

and operational excellence to continue in its endeavor for providing maximum contribution in value creation. The level of the agricultural product logistics development has become one of the key aspects which decide the level of the whole development of emerging economies such as China, Brazil and India.

## **Agriculture-logistics**

Agriculture -logistics refers to the collection, aggregation, storage and

transport of agricultural produce from the farm to the consumer and all intermediate levels such as the processing facility (factory), market and retailers. It is in this sphere that the advantages of applying these supply chain management techniques are numerous, like the reduction of product losses, increase in sales, reduction of transaction costs, a better control of product quality, safety and capital and knowledge among the chain partners. Supply chain development not only benefits the private sector but also creates spin-offs that stimulate social, economical and environmental sustainable development in the region (employment generation, added value, decreases of product losses, etc.).

### **Agriculture Logistics: Next Sunrise Industry**

The logistics sector in Asia Pacific has evolved over the past two decades from being a pure transportation / warehousing functional service to provision of more value added offerings like customs clearance, domestic / international freight forwarding, cross-docking, reverse logistics, freight consolidation, warehousing of modern standards

## The Chinese Agriculture logistics industry is poised for a significant growth in the coming years

etc. Many companies are realizing the importance of their supply chain network and are increasingly calling upon logistics managers for their professional inputs into corporate and marketing strategies in this region. Consequently there has been an uptrend in the requirement of specialized third Party Logistics Service Providers to whom companies are looking to outsource their logistics requirements. As per industry estimates, it is expected that this logistic solutions companies in Asia-Pacific would grow at a CAGR of more than 20% during the period 2012-17.

The Chinese Agriculture logistics industry is poised for a significant growth in the coming years as companies, especially in the automotive, pharma, manufacturing, retail and FMCG sectors, are increasingly opting to outsource their logistic requirements to specialized service providers.

Some of the existing and emerging growth areas in the logistics sector is enumerated in the subsequent section.

### **China Metro-Rural Holdings Ltd. (NYSE: CNR)**

China Metro-Rural Holding is leading agricultural logistics platform Development Company in China. CNR currently trade near \$1.18. Company and operates on very healthy profit margin of 24%. CNR recently won the bidding of approximately 474,000 square meters of land in Hengyang, Hunan Province of China for logistics platform development. The company expects that this Project will help fuel the growth of CNR. The company's advantages still lie in their unique positioning on agriculture and rural-urban migration to capture the national and regional demand strategies. Their business model benefits from Central Government policies, strategic locations and extensive transportation networks for their projects and experienced management team. The interconnection of business will be one of the key successful factors of CNR growth in the years ahead. ■