

**TO:** Ministry of Transport  
**DATE:** 3 June 2022  
**SUBJECT:** Consultation on New Zealand freight and supply chain issues paper  
**SUBMITTED BY:** Zespri International Limited (“Zespri”)  
**SUPPORTED BY:** New Zealand Kiwifruit Growers Inc

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## 1. INTRODUCTION

1.1 Zespri is the world’s largest marketer of kiwifruit, accounting for about one third of global kiwifruit trade. Zespri is 100 percent owned by current and former kiwifruit growers and has a global team of more than 800 based in Mount Maunganui and throughout Asia, Europe and the Americas. Our purpose is to help people, communities and the environment around the world thrive through the goodness of kiwifruit, and we work with 2,800 growers in New Zealand and 1,500 growers offshore to provide consumers with fresh, healthy and great-tasting Zespri™ Green, RubyRed™ and SunGold™ Kiwifruit. In 2021/22, we supplied over 200 million trays of kiwifruit to consumers in more than 50 markets, and recorded global operating revenue of NZ\$4.47 billion. Zespri is committed to sustainability, with areas of improvement identified right through the supply chain including our pledge that by 2025 we will use 100 percent reusable, recyclable or compostable packaging, do more to help the environment, and to become carbon positive by 2035.

## 2. EXECUTIVE SUMMARY

2.1 We support the New Zealand government adopting a generational investment approach to the national supply chain and freight strategy. We encourage the government to extend its strategy focus to identify and start working towards opportunities to reduce international shipping emissions. The Government committed to supporting the development of low or zero emissions shipping corridors when it signed the Clydebank Declaration late last year. We hope to see a strong reflection of this commitment in the final version of the strategy.

2.2 As noted in the consultation document, sea freight is critical to New Zealand’s export-driven economy, carrying “99% of the country’s trade by volume and around 80% by value.” While our food producers are among the world’s most efficient this distance to market, and concerns about the carbon footprint it generates, is a risk to New Zealand exports and options for mitigating that are limited. For example, while kiwifruit has a relatively low carbon footprint international shipping accounts for 43 percent of Zespri’s emissions footprint for fruit sold into the European market. Developing viable zero and low emissions shipping options is essential to our ambitions of being carbon neutral to consumer by 2035 and to continuing to meet the expectations of our communities, customers and consumers. It is critical to ensuring exporters are able to continue to compete in international markets, bringing value back to New Zealand.

### **3. BACKGROUND**

- 3.1 Zespri is a global business with ambitious growth targets, driven by a strong set of values and a desire to continue to grow the kiwifruit industry in a way that is good for people, communities and the environment. There is significant opportunity to reduce our freight emissions which will help the industry, and others, achieve carbon positive status by 2035 and thus contribute to the decarbonisation of the New Zealand supply chain.

#### **International maritime freight**

- 3.2 Alongside containers, charter vessels are used to ship New Zealand-grown Zespri fruit to market. This year we have 72 charter sailings planned, helping to transport over 172 million trays of kiwifruit to markets around the world. The industry is growing strongly as is its use of shipping to get fruit to market. Zespri has identified shipping as an untapped opportunity to reduce emissions, and a critical one given its high proportion of the industry's total emissions.

#### **Domestic heavy vehicle freight**

- 3.3 Tauranga Kiwifruit Logistics Limited (TKL) is a joint venture partnership founded by a group of kiwifruit industry postharvest operators after it was decided the transportation of kiwifruit would be more economically and environmentally efficient if there was one specialised entity overseeing the transport of kiwifruit from postharvest coolstores to the Port of Tauranga. This season approximately 18,000 container movements and 11,000 charter loads will be transporting kiwifruit from Bay of Plenty packhouses to the Port of Tauranga. The ability to reduce heavy vehicle emissions is limited with current infrastructure in place, however we acknowledge a transition to lower emission alternatives is required to reach decarbonisation objectives.

#### **Transshipping opportunities**

- 3.4 Pre-COVID-19 Zespri utilised a form of coastal shipping whereby international ships with a pre-existing route from Port Nelson to Port of Tauranga were used to transport Nelson and Motueka grown kiwifruit. The fruit was picked and packed in Nelson before being transported on a ship that was already intended to call at the Port of Tauranga. This reduced the number of heavy vehicles on roads and prevented the duplication of emissions.

### **4. COMMENTS ON NEW ZEALAND FREIGHT & SUPPLY CHAIN ISSUES PAPER**

#### **Proposed outcome 1: Low emissions**

- 4.1 While climate change risks are articulated in the supply chain and freight issues paper and relate to international shipping, the proposed responses are biased towards the decarbonisation of domestic heavy vehicle freight. Zespri supports low emissions as an area of focus for the supply chain and freight strategy in principle, however disagrees with the sole priority placed on reducing heavy vehicle emissions. Zespri strongly encourages the government to extend its focus to include viable zero and low emissions international shipping options and seek to incorporate the needs of international shipping into its development of future fuels and infrastructure planning.

- 4.2 The government has a role in facilitating New Zealand’s participation in global supply chains, which includes ensuring businesses have access to global networks, markets, capital, knowledge and technology. Part of this role needs to include a roadmap for infrastructure requirements to enable the shift to zero and low emissions shipping.
- 4.3 New Zealand is already challenged by geographical distance from international markets. Zespri’s Climate Risks and Opportunities Report<sup>1</sup> identified a transitional climate change risk to be the vulnerability of exporters to consumer shifts relating to concerns about the environmental footprint of New Zealand goods. Viable zero and low emissions shipping is essential to safeguarding our exports from future campaigns such as the global ‘food miles’ debate and move towards ‘buy local’, in addition to our national and industry efforts to reduce our carbon footprint and environmental impact overall. As an export-driven country we cannot afford to not invest in this space. Sea freight carries 99 percent of the country’s trade by volume and around 80 percent by value. Protecting the future value of these exports is in our national interest as our exports have the ability to create and sustain future mass employment, significant opportunity and economic growth.
- 4.4 A focus on viable zero and low emission shipping has domestic benefits too. *He Pou a Rangī Climate Change Commission* has recommended New Zealand will need to move significantly more freight by coastal shipping to achieve decarbonisation objectives. Investment in zero and low emission planning and infrastructure will further increase our efficiencies with emission-use as well as further contribute to decarbonisation objectives and achieve our national emission target.
- 4.5 Zespri supports green shipping initiatives and is proactively working in this space.

## 5. FINAL COMMENTS

- 5.1 Zespri is proactively responding to market signals, as well as our own purpose and values, which includes exploring ways in which we can deliver a carbon neutral product to consumers and customers. Zespri’s sharing of data and collaboration with the shipping sector has the ability to drive change and is a step towards viable zero and low emission international shipping. We encourage the government to support and enable ventures such as this which have the ability to benefit other exporters, protect the future value of our exports and contribute to industry and climate resilience and New Zealand’s emissions reduction targets. We welcome a joint discussion with Ministry of Transport and Ministry for the Environment to share what we are already planning to achieve in the green shipping space and ways in which government can support this.
- 5.2 In New Zealand all ships are internationally owned and are subject to International Maritime Organisation regulations, which can make it challenging to address our international shipping emissions and reduce our environmental footprint of our export goods. To uphold New Zealand’s Clydebank declaration, greater collaboration and investment is required at a multilateral and inter-governmental level with industry in order to decarbonise our supply chain and protect the value of exports.

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<sup>1</sup> [https://www.zespri.com/content/dam/zespri/nz/sustainability/Zespri-Climate-Risk-Opportunities-\(TCFD\)-Report.pdf](https://www.zespri.com/content/dam/zespri/nz/sustainability/Zespri-Climate-Risk-Opportunities-(TCFD)-Report.pdf)

5.3 We support the government's long-term thinking, reflecting the generational investment approach (30 – 50 years) underpinning the supply chain and freight strategy, and will lead in to New Zealand's target to have net zero emissions by 2050. We therefore encourage the government to extend the focus of this strategy to include the decarbonisation of international shipping which will contribute to this 2050 target.

**Zespri International Limited**  
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For further information, please contact:

Michael Fox  
Head of Global Public Affairs  
michael.fox@zespri.com