



# COLDFACTS

Mark Your Calendar  
**NOW!**  
Wellington  
15th-17th August



APRIL 2021

## Conference Registration

Refer to Order Form on back page to register NOW

The NZ Cold Storage Association is holding its Annual Conference in Wellington from the 15th August until the 17th of August 2021 at the 5 Star Intercontinental Hotel in Wellington.

Registration for all three days (Sunday 15- 17 August) ensures you experience all the conference has to offer. Full registration includes attendance at all conference presentations, access to the exhibition area, morning tea, lunch and afternoon tea, Conference activities, Special Welcome Dinner with a Las Vegas theme, and our Gala Dinner.

The theme of this year's conference is  
**“Living in the Covid World”.**

We will be covering a range of topics, addressing the key issues of Covid and the challenges we all face.



To open the conference Mark Sorenson will be presenting on “How to overcome challenges through the pursuit of excellence”. Mark has held many senior management positions but, is probably best known for his role with the Black Sox.

Our closing guest speaker is Tony Alexander who is well known to most of us. His very laid-back style and masterly presentation technique ensures that he keeps your interest on full alert.



**As a special treat we have ex All Black Ian Jones presenting at our gala evening.** Ian comes from the Whangarei suburb of Kamo, and has always been known as the ‘Kamo Kid’. He is the most capped All Black lock with 79 tests to his name. In the 2010 New Year Honours, Ian was appointed a Member of the New Zealand Order of Merit for services to rugby.

Tony is one of the few economists who speaks real English and won't have you confused with economic gibberish! Tony will enlighten you and entertain you at the same time!

## Hotel Reservations

N.B. The link will expire 60 days prior to arrival. Rooms are subject to availability at all times so it is important to book earlier rather than later.

The link below will direct you to the Intercontinental web page, negotiated rates are only applicable during the contracted dates, bookings outside this date will receive an error and need to book direct through the hotel website not on the link.

[https://www.intercontinental.com/redirect?path=rates&brandCode=IC&localeCode=en&regionCode=1&hotelCode=wlggs&checkInDate=15&checkInMonthYear=072021&checkOutDate=18&checkOutMonthYear=072021&\\_PMID=99801505&GPC=NZC&cn=no&viewfullsite=true](https://www.intercontinental.com/redirect?path=rates&brandCode=IC&localeCode=en&regionCode=1&hotelCode=wlggs&checkInDate=15&checkInMonthYear=072021&checkOutDate=18&checkOutMonthYear=072021&_PMID=99801505&GPC=NZC&cn=no&viewfullsite=true)

Cancellation is 30 days prior to arrival date. Bookings cancelled within 30 days will be charged a cancellation penalty equal to the nights cancelled.

## Sponsor/Trade Display Reservations

Attached is the conference sponsors booking form. Refer to order form on back page of this newsletter to register now. Don't hesitate to contact Jack if you have any special requests.

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## Global freight disruptions affect NZ exporters and cool store operators.

Global freight disruptions are hitting South Canterbury; cool store space is at a premium and there remains an urgent need for containers to take primary produce to markets overseas. Container supply has been hand-to-mouth in many areas, driven by vessel delays and it is now a priority to manage the strong export demand. Coolstores managing director Sid McAuley said things would remain tight until the end of May when dairy and meat wind down.

Now that the Suez canal is open it is considered that there will be a further escalation of global sea freight congestion and a reduced flow of empty containers from Europe to Asia.



## Where are all the containers? The global shortage explained

Freight shipping is in the midst of a unique and unusual predicament. An unforeseen cascade of events caused by the pandemic has us facing a worldwide container shortage crisis. It's a crisis because the lack of containers has a ripple effect down entire supply chains, disrupting trade on a global scale. Where are all the containers?

So where have the containers gone?

Many are in inland depots. Others are piled up in cargo ports, and the rest are onboard vessels, especially on transpacific lines. The largest container shortage is in Asia, but Europe also faces a deficit. To grasp why the containers are where they are, it's important to first understand the domino effect that has led to the present situation.

### Pandemic wave creates North American bottleneck

As the pandemic spread out from its Asian epicentre, countries implemented lockdowns, halting economic movements and production. Many factories closed temporarily, causing large numbers of containers to be stopped at ports. To stabilize costs and the erosion of ocean rates, **carriers reduced the number of vessels out at sea**. Not only did this put the brakes on import and export, it also meant empty containers were not picked up. This was especially significant for Asian traders, who couldn't retrieve empty containers from North America.

Then, a unique scenario developed. Asia, being the first hit by the pandemic, was also the first to recover. So, while China resumed exports earlier than the rest of the world, other nations were (and still are) dealing with restrictions, a reduced workforce and minimal production.

A consequence of this is that almost all of the remaining containers in Asia headed out to Europe and North America, but those containers did not come back quickly enough.

Massive workforce disruptions due to coronavirus restrictions in North America affected not only ports, but cargo depots all across the country as well as inland transport lines. Without adequate staffing, containers started to pile up. As borders tightened, customs became more

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complicated to clear as well, worsening congestion. In addition, there were rapid shifts in trade lane demands that were challenging for carriers to adapt to.

There was no time to clear the very large backlog of containers with limited workers before more started arriving. North America currently faces a 40% imbalance, which means that for every 100 containers that arrive only 40 are exported. 60 out of every 100 containers continue to accumulate, which is a staggering figure considering the China to USA trade route sustains on average 900,000 TEUs per month. That's during a normal year; the current shipping volume is at record highs this quarter (up **23.3%** compared to last year, according to Descartes Datamyne)

While continuously assessing the situation, it is



evident that the transpacific volume from Asia headed stateside aren't slowing, offering no recovery time. Why?

## Carriers jump on lucrative transpacific profits

Container shipping rates have been surging on all East to West shipping routes since May, with the highest rate upturn hitting the transpacific. **The Drewry World Container Index** is currently at its highest in four years.

*Continued on Page 5*



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*Continued from Page 4*

Eastbound container freight rates have not just increased a lot since the beginning of the COVID-19 outbreak; they have more than doubled, eclipsing all historical highs. SE Asia to US rates have spiked from around \$2,000 up to an eye watering \$4,500 per 40ft container.



## World Container Index Assessed by Drewry

Alphaliner reports that carriers can get 66 cents (per 40ft container per nautical mile) on the Shanghai to LA route against less than 10 cents on the return. Even better rates are on Shanghai to Melbourne with 88 cents, or Shanghai to Santos with 75 cents. **The pressure is on to get containers back to Asia so that carriers can take advantage of these margins, empty or full.** The Asia to US and Asia to Oceania trade routes have become so lucrative that carriers aren't even waiting for cargo before sending containers back to Asia, especially when the cargo isn't available at port.

## Global container fleet shrinking

Compounding on the shift in trade imbalances and bottlenecks is that production of new containers is woefully low. The rate was already down in 2019 and dropped even further this year, especially when demand fell dramatically in Q1 2020. The scrapping of containers now exceeds the building of new ones, causing inventories in factories to plummet. It will take months before more vessels and containers are built, meaning capacity likely won't normalize until Q2 2021.

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## The race for available containers

Needless to say, the lack of containers can't satisfy current shipping demands, and we have a full-blown container crisis on our hands. Any available containers are booked out immediately, which is why we strongly urge customers to book cargo as early as possible.

Although there are some measures underway to help resolve the deadlock, such as carriers attempting to reduce free time and detention period as well as more efficient unloading systems, realistically we won't see the global container shortage crisis returning to normal for the coming months.

Unfortunately, it's also predicted that contract freight rates will remain *high* throughout next year.

This limited access to available containers is also driving up the buying price of new containers, since manufacturers know demand is such that they can charge at a premium. Chinese container manufacturers, who dominate the market, **now charge around \$2,500 for a new container**, up from \$1,600 last year. Likewise, container leasing rates have rocketed, up by around 50% in the space of just six months.

## Executive Committee Vacancies

As we approach the August AGM it is now a good time to consider your role in the Cold Storage industry. Would you like to become more involved? If so, we would love to hear from you. Contact Jack or Bruce with your interest or any questions.



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## Seeka acquires Opotiki Packing and Cool Storage

Seeka and Opotiki Packing and Cool Storage Limited (“OPAC”) are to join via amalgamation. This transaction will see Seeka expand further to be operational in all of New Zealand’s major kiwifruit growing regions in a deal that continues to consolidate the New Zealand kiwifruit industry.



The acquisition will increase Seeka’s kiwifruit production by between 8 - 8.5 million trays predominantly of the SunGold variety. OPAC brings with it a modern post-harvest packhouse,

coldstore facilities and experienced staff. The offer is subject to a number of conditions, including approval by shareholders of both companies.



## Hort picking off meat workers

Meat Industry Association chief executive Sirma Karapeeva. Some orchardists in Hawkes Bay are so short of people to pick their fruit that they are resorting to ‘poaching’ workers from the meat companies.

*Continued on Page 8*

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*Rural News* has been told that meat workers in the region are being offered more money than they are getting at processing plants to pick fruit, with reports of high absenteeism at some meat processing plants as a result.

Meat Industry Association chief executive Sirma Karapeeva says a sustained labour shortage has been an ongoing issue for the meat industry for a number of years. However, she says this time round it's a little bit different because other sectors are also experiencing similar shortages - particularly in the Hawkes Bay.

Karapeeva says her office has been told about the

horticultural industry trying to attract workers from the meat sector to pick fruit. "It's just another complexity in the whole mix of what Covid is throwing at us," she told *Rural News*. "The borders are closed and we can't find extra workers, despite the idea that there are many New Zealanders who don't have work due to Covid. We just can't seem to attract them in the regions and into the industry."

Karapeeva says while much has been made of the issue in Hawkes Bay, she wouldn't be surprised if other regions were experiencing similar pressure.

## Fonterra completes the sale of its two wholly owned China farming hubs

As announced in October 2020, the sale of the farms to Inner Mongolia Youran Dairy Co.Ltd (Youran) was subject to anti-trust clearance and other regulatory approvals in China. These approvals have now been received.

CEO Miles Hurrell says the completion of the sale is an important milestone for Fonterra following its strategic refresh. "Fonterra has contributed to the development of the Chinese dairy industry by establishing these farms and we're pleased to now hand ownership over to Youran for the next phase of development.



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## Call goes out for kiwifruit pickers

The first kiwifruit has started to be picked off the vines and growers across the country anticipate needing around 23,000 workers for the harvest. The harvest runs through till June and is expected to produce even more than last year's record of 157 million trays of Green and Gold.

New Zealand Kiwifruit Growers Inc. (NZKGI) Chief Executive Officer Nikki Johnson says ongoing COVID-19 overseas travel restrictions mean growers will be looking to offer job opportunities to even more New Zealanders to provide most of the workforce - meeting the shortfall of people on the RSE scheme from the Pacific islands and working holiday visa-holders. As in previous years, NZKGI has been working for several months to prepare for the season opening and the significant labour requirements.

This year NZKGI is also working closely with the Ministry of Social Development (MSD) and the Ministry for Primary Industries (MPI) to ensure unemployed Kiwis are fully aware of what the industry can offer.



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## First shipment of Zespri SunGold Kiwifruit crop sets sail for Japan and Korea

The first shipment of what is expected to be a record season of New Zealand-grown Zespri Kiwifruit is now on route to Tokyo and Busan. The fruit is aboard the MV Kakariki, the second of three new specialised reefer vessels built by Fresh Carriers to ship New Zealand-grown kiwifruit to Zespri's Asian markets, with the ship expected to complete its maiden voyage in early April.

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This is the first of 57 planned charter reefer vessels under Zespri's shipping programme this season, up from the 49 charter vessels used last season. This season will see five sailings to North Europe, 12 to the Mediterranean and 40 to Zespri's Asian markets. Zespri also expects to send around 18,000 containers of kiwifruit. Zespri is closely monitoring the global shipping situation, it is well placed to mitigate any risks associated with port and container congestion.

## Global economic and trade update for New Zealand businesses

The OECD's Interim Economic Outlook for March 2021 shows improving global economic prospects, supported by the rollout of vaccines, additional fiscal stimulus, and smaller adverse impacts from containment measures in many economies. The OECD now expects an increase in global GDP of 5.6% in 2021, up from 4.2% projected in December 2020. The continuing evolution of the pandemic, vaccine deployment, and containment measures— three sources of uncertainty not to be downplayed— remain the main influences on the pace and magnitude of economic recovery.

# PENSA

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## Early indications show a good volume of good sized avocados

The New Zealand avocado industry has grown from a high of \$68m in 2011 to a forecast of over \$200m in 2020. Almost 44,000 tonnes of avocados were harvested this season, with 4.9 million trays exported. Sales in the New Zealand market will top 2.5 million trays. New Zealand has over 4,000 hectares of avocado trees in production with a further 1,000 hectares recently planted now beginning to come into production.



The New Zealand avocado industry is on track to achieve its vision to quadruple sales to \$280m and triple productivity by 2023, and has a long term strategy to become a billion dollar industry by 2040," explains Jen Scoular, CEO NZ Avocado.

## WorkSafe concerned following rapid rise in fruit picking injuries

Fruit picking injuries have increased by over 50% in the last three years as labourers try to keep up with the strong demand. Growth in the horticulture industry comes with increased pressure to get the work done, and is believed to result in a higher rate of worker injuries. Injury risks are being identified in apple orchards in Hawke's Bay and technology is being seen as a possible solution to solve the problem.

## More than 2600 people come off benefits to do seasonal work

More than 2600 people came off their benefits to do seasonal fruit picking work and 195 of them took on incentives from the government work scheme - providing relief to the industry. Yummy Fruit Owner, Paul Paynter, says the biggest hindrance to finding pickers in Hawke's Bay is the lack of housing; "It's really held people back. I've had conversations with many about the poor quality of accommodation, or the fact they can't get accommodation at all," Paynter said.

## Fruit-harvesting machine could be a game changer for Central Otago

It is called the Tecnofruit CF-105 and the fruit-harvesting machine could prove a game changer for Central Otago's horticulture sector. It gets rid of ladders and it does away with picking bags removing a lot of the hard labour aspect of the job. The technology compromises a picking platform and a conveyor belt to take the fruit to a bin. The technology, which carries a \$155,000 price tag, may be good news for an industry beleaguered by labour shortages and spiralling costs made more acute by the ongoing fallout from Covid-19 and consequent restrictions on the number of recognised seasonal employer (RSE) workers allowed into New Zealand.



## Jack's CORNER



This time last year the main concern for the association was whether or not we could go ahead with the conference. Regretfully, we had no choice but to cancel. In some ways last year was a bit of a novelty - something our generation has never experienced before. It makes you reflect on our parents who experienced years of disruption and basic food supply problems through the world wars and how it must have affected their lives.

Today the world shipping supply chain is again in crisis mode and is the biggest problem our members are facing. Finding containers to export valuable products is a nightmare and the problem is not going to just go away. Also, just like our housing market...when there is a lack of supply the prices go up!

But, to finish on a bright note - when compared to the rest of the world we are still so much better off. For most New Zealanders one new case of Covid at the border is too much. When I see the staggering Covid numbers being reported overseas it is almost too much to fully comprehend and appreciate just what their daily lives must be like. We can still count ourselves pretty lucky!

## 88th Annual Conference

to be held at

Intercontinental Conference Centre, Wellington

Mark Your Calendar

**NOW!**

Wellington

15th-17th August



See the next 2 pages of this newsletter  
for the conference registration form  
and sponsors booking form.



# New Zealand Cold Storage Association Inc

## CONFERENCE REGISTRATION

### Intercontinental Conference Centre, Wellington

### Sunday 15 – Tuesday 17 August 2021

Main Contact: \_\_\_\_\_ Partners Name: \_\_\_\_\_  
(Names given will be shown on name tags)

Organisation: \_\_\_\_\_

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Phone: \_\_\_\_\_ Mob: \_\_\_\_\_

Name(s) of additional Attendees (for name tags) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

#### Full Registration (All 3 Days) Includes:

- Attendance at all sessions
- Access to exhibition area
- Welcome Dinner
- Conference programme and satchel
- Morning teas, lunch, afternoon teas
- Gala dinner

<b>Members</b>	<b>\$575.00</b>		Quantity _____	\$Total _____
<b>Non Members</b>	<b>\$675.00</b>		Quantity _____	\$Total _____
<b>Partners</b>	<b>\$300.00</b>		Quantity _____	\$Total _____

#### Day Registration Includes:

- Attendance at all sessions
- Access to exhibition area
- Conference programme and satchel
- Morning tea, lunch, afternoon tea

<b>Sunday 15th Members</b>	<b>\$225.00</b>	<b>Non Members</b>	<b>\$250.00</b>	Quantity _____	\$Total _____
<b>Monday 16th Members</b>	<b>\$225.00</b>	<b>Non Members</b>	<b>\$250.00</b>	Quantity _____	\$Total _____
<b>Tuesday 17th Members</b>	<b>\$225.00</b>	<b>Non Members</b>	<b>\$250.00</b>	Quantity _____	\$Total _____

#### Social Functions

Golf Tournament 9 hole Green Fees	\$50.00	Quantity _____	\$Total _____
WETA Workshop Tour	\$50.00	Quantity _____	\$Total _____
Beer Tasting	\$50.00	Quantity _____	\$Total _____
WelcomeDinner	\$110.00	Quantity _____	\$Total _____
Gala Dinner	\$140.00	Quantity _____	\$Total _____

**Total to Pay** \$ \_\_\_\_\_ ex GST

**PLEASE RETURN YOUR REGISTRATION TO: Email: [nzcoldstorage@xtra.co.nz](mailto:nzcoldstorage@xtra.co.nz)**



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# 88th Annual Conference

Intercontinental Hotel, Wellington  
Sunday 15th – Tuesday 17th August 2021

## SPONSORSHIP AGREEMENT

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	Members	Non Members
<input type="checkbox"/> Gala Dinner Sponsorship	\$1500	\$1850
<input type="checkbox"/> Sunday Welcome Night	\$1500	\$1850
<input type="checkbox"/> Morning Tea (2)	\$800	\$1000
<input type="checkbox"/> Afternoon Tea (2)	\$800	\$1000
<input type="checkbox"/> Golf Tournament	\$500	\$625
<input type="checkbox"/> WETA workshop tour	\$750	N/A
<input type="checkbox"/> Name Tags & Lanyards	\$850	N/A
<input type="checkbox"/> Satchels / document holder	\$1000	N/A
<input type="checkbox"/> Special Guest	\$1000	\$1250
<input type="checkbox"/> Coffee Cart	\$750	\$950

Signed \_\_\_\_\_ Position \_\_\_\_\_ Date \_\_\_\_\_

Please post or email the completed agreement to Jack Bills

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