

To: Commerce Commission ([registrar@comcom.govt.nz](mailto:registrar@comcom.govt.nz))

By email

15 September 2020

Dear Sir/Madam,

**REF: Merger application: *PACT/Flight***

**RE: Heightened difficulty accessing NZ recycled PET**

I am writing on behalf of [ ] to highlight our company's concern with respect to the acquisition of Flight Plastics NZ and how this may impact competition in the market<sup>1</sup>.

Competition in the packaging industry here in NZ

Packaging businesses compete by – innovation, price, service, quality and now more importantly *sustainability*.

The acquisition of Flight Plastics NZ by the PACT Group combined with the closure of Hutumaki may mean:

- 1) All PET recycling infrastructure in NZ will be controlled by a single entity
- 2) All PET extrusion<sup>2</sup> in NZ will be controlled by one entity

The acquisition puts all remaining NZ based rigid plastic packaging manufacturers at a disadvantage:

- Innovations with respect to NZ recycled PET will be controlled by one entity
- Having all NZ-based PET recycling and extrusion controlled by one private entity may make it difficult gaining access to NZ recycled PET
- Price for NZ recycled PET will be controlled by one entity
- Continuity of supply of NZ recycled PET – Manufacturers rely on continuity of supply of raw material, the risk to the industry is the ability to turn the tap off at any time exposing businesses

*Why not build another PET recycling plant?*

- There is little commercial advantage in setting up a PET recycling plant, this is likely why both Flight Plastics NZ and the PACT group have required tax payer funding in order to setup their PET recycling infrastructure

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<sup>1</sup> Specifically rigid plastic packaging

<sup>2</sup> Extrusion is the process of manufacturing rolled sheet to manufacture products from virgin and/or recycled feedstock (PET resin)

- There is not enough PET scrap to justify tax payer funding a 3<sup>rd</sup> PET recycling plant – so any other company wanting to do so will likely need to fund this privately
- The commercial advantage of having a PET recycling plant is the strategic ability to promote the packaging as "NZ recycled PET"

The NZ government funding of the first PET recycling plant in 2017 (Flight Plastics) was supported by [ ]. However, multiple attempts to engage with Flight Plastics have been met with resistance which has meant [ ] could not purchase NZ recycled PET from Flight Plastics, this has resulted in lost business and business opportunities. After discussing this with others in the industry, this was a common scenario.

When the NZ government announced funding for the second PET recycling plant in 2019 (PACT Group) this was supported by [ ] as we saw this as adding much needed competition and recycling infrastructure investment for Aotearoa.

The packaging industry employs hundreds (if not thousands) of Kiwis across Aotearoa and has been integral during the pandemic ensuring that food and medical packaging was available at all alert levels.

As a packaging manufacturer we take our role as kaitiaki seriously – we want to be part of the solution to NZ's waste problem, we want to use NZ's waste within our manufacturing but we are unable to due to the inability to access NZ recycled PET.

Consumers and Businesses are rightfully demanding for more NZ recycled material in their packaging. A single, privately-owned controlling entity of NZ recycled PET infrastructure may result in poor environmental outcomes for Aotearoa, other packaging businesses will continue to be forced to import as a result of being unable to access and thereby offer NZ recycled packaging.

Summary:

[ ] is not opposed to the acquisition of Flight Plastics NZ, on the basis that a mechanism is introduced to ensure all NZ based packaging manufactures have fair and equal access to NZ's recycled PET waste stream in order to drive competition, innovation and improve NZ's sustainability capability.

Sincerely,

[ ]  
[ ]  
[ ]