MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Update on Emerging Risks in Plastics Supply Chains

Date:	17 March 2026	**Priority:**	Urgent
Security classification:	Restricted	**Tracking number:**	0029308

Action sought		
	Action sought	**Deadline**
Hon Nicola Willis **Minister for Economic Growth**	**Note** possible supply chain impacts from the Middle East conflict on the supply of polymers/plastics into New Zealand **Note** officials to continue ongoing engagement with industry across the impacted sectors, data collection and consideration of the role of a government response	18 March 2026

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Sebastian Doelle	Manager, Trade & Supply Chains	Privacy of natural persons	✓
Emma Doherty	Senior Advisor, Trade & Supply Chains		

The following departments/agencies have been consulted
Ministry for Primary Industries Ministry for Foreign Affairs and Trade

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

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Purpose

To provide advice on the implications of evolving supply chains disruptions of plastic products arising from Middle East crisis. Free and frank opinions [redacted]

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

a **Note** possible supply chain impacts from the Middle East conflict on the supply of polymers/plastics into New Zealand

Noted

b **Note** initial feedback from industry stakeholders that there appears to be no acute shortages of plastics at present but we are aware of price increases and some difficulties in accessing forward supply

Noted

c **Note** officials to continue ongoing engagement with industry across the impacted sectors, data collection and consideration of the role of a government response

Noted

Privacy of natural persons [redacted]

Sebastian Doelle
Manager, Trade and Supply Chains
Building, Resources and Markets, MBIE

17 / 03 / 2026

Hon Nicola Willis
Minister of Economic Growth
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Context

1. On Friday 13 March, we provided you with initial updates from Plastics New Zealand (PNZ) on the decline in global plastics availability driven by feedstock shortages and tightening supply conditions [MBIE Aide Memoire 0029308 refers].

2. Petrochemical markets are under stress as the Middle East plays a central role in petrochemical feedstocks, chemicals and finished polymers. The Asian markets which supply New Zealand are heavily dependent on Middle Eastern feedstocks and logistics.

3. Specific plastics used extensively in New Zealand are Polyethylene (PE), Propylene (PP), PVC precursors, and styrenes such as polystyrene used for packaging. The reduction in production of Liquid Natural Gas (LNG) and naphtha from the Middle East has already forced a number of production facilities in South East Asia, South Korea and India to slow or cease production. There is concern that key international suppliers have begun issuing force majeure notices which has resulted in cancellations of smaller supply contracts [redacted] Free and frank opinions [redacted].

4. Impacted sectors in New Zealand include:

   - food production and packaging
   - medical supplies
   - construction (pipes and building systems)
   - manufacturing.

5. In light of the current situation, we note that disruptions may occur due to logistical challenges, rising prices, and increased global competition for limited product. Agencies will continue existing engagement with industry to monitor stock levels and further develop possible mitigations or interventions.

International plastics environment

6. The main pressure points in the plastics supply chain are disruptions to the production and transport of key raw materials, produced in the Gulf region and transported through the Strait of Hormuz. Naphtha and LPG supply are the main pressure points. Asia sources around 54 per cent of its naphtha from the Middle East, which is essential for producing ethylene and propylene. Disruption to Gulf exports is constraining feedstocks for Asian petrochemical plants with competition and costs likely to be high for any available alternative sources, particularly in the short-term.

7. Supplying countries such as Thailand have banned fuel exports, [redacted] International relations [redacted].

8. [redacted] International relations [redacted]

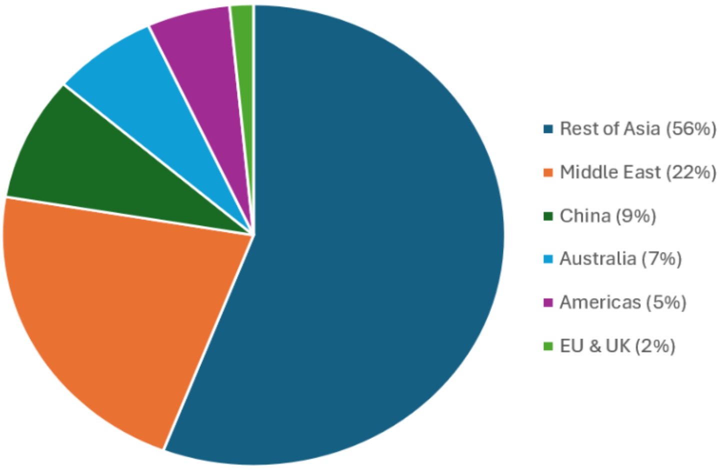
How is New Zealand exposed to plastics supply chains

9. New Zealand sources most plastics either directly from the Middle East or through Asian processors reliant on Middle Eastern origin material including feedstocks. Key domestic manufacturers convert imported resins into packaging and components used across food & beverage, healthcare and construction.
Confidential information entrusted to the Government

10. Free and frank opinions

Figure 1: Average NZ Polymer Imports by Region 2024-2025

11. *Data based on Statistics New Zealand import data*[1]



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[1] Source: Plastics NZ

13. Officials are also engaging with stakeholders in the construction sector, given the sector's significant reliance on PVC, polyethylene, and other polymer-based materials for piping, insulation, membrane systems, and building products.

14. Commercial Information

Free and frank opinions

15. Free and frank opinions

No acute shortages of plastics at present but price increases in the supply chains are occurring

16. Early conversations have confirmed that while no business is experiencing acute shortages at present, awareness of the issue is rising as upstream conditions deteriorate.

17. Confidential information entrusted to the Government

18. Several producers noted that they are beginning to model potential retail price impacts, although stakeholders we have spoken to noted that such flows through to retail prices have not yet taken effect.

19. Free and frank opinions

20. Firms may also temporarily adjust processing volumes, optimise cold-chain logistics capacity, or coordinate more closely with logistics providers to minimise waste and maintain product integrity.

21. There are mandated stock holdings of approximately typically two months stock for pharmaceuticals and three months stock for medical devices within New Zealand. Health NZ has current stock close to 2 months' supply for clinical consumables across the network (3PL, warehouses, through to hospital wards and theatres).

22. Health agencies (Ministry of Health, Pharmac, and Health NZ) have set up a network to coordinate sharing of information related to the Middle East response across health entities and ensure early visibility of risks as they arise.

23. Officials are continuing regular engagements with industry to test timelines for possible transitions and processes to shift to alternative packaging materials. At a strategic level, industry and government would need to work together on contingency planning, shared visibility of supply constraints, and diversification of packaging inputs and suppliers.

Potential government interventions to mitigate plastics supply disruptions

24. If disruptions to global plastics supply chains continue, New Zealand is likely to see emerging pressures [redacted] Free and frank opinions

25. Free and frank opinions [redacted]

Regulatory Flexibility for Alternative Packaging:

26. MPI advises the use of alternative materials (e.g., fibre-based, compostable, or biodegradable packaging) is already possible under current legislation so long as they are safe and suitable (i.e. does not taint the food, increase chances of pathogen growth or impact shelf life).

27. Exemptions from labelling requirements can be promptly facilitated as needed by MPI and this approach has been used during other incidents impacting on the food supply including COVID and droughts.

28. If alternative packaging materials must be imported at short notice, temporary adjustments to biosecurity processing times or pathway prioritisation could support timelier clearance. Any changes would need to maintain core biosecurity protections while enabling flexibility for low-risk inputs.

29. Officials will work with industry in the coming days to determine the appropriate timing for any regulatory adjustments and clear guidance to industry. Coordinated engagement across agencies will help businesses manage a short-term transition while maintaining food safety, market access, and supply reliability.

Free and frank opinions [redacted]

[redacted]

Next steps

31. Officials across agencies are meeting with Plastics NZ and its members tomorrow (Wednesday, 18th March 2026), and will continue to collate information from industry, and New Zealand's overseas posts to build a clearer picture of the evolving plastics supply situation.

32. This includes understanding current inventory levels, identifying early signs of substitution pressures, and assessing how long businesses can maintain normal operations under constrained supply. We will update you on this as soon as further information is received.

33. Completing this initial engagement phase will ensure that any government actions are well-targeted, proportionate, and responsive to the needs identified across industry.