

Substantive updates from the previous report have been shaded red.

Feedback

We welcome feedback from New Zealand exporters on this report and invite requests for reporting from New Zealand's [network of Embassies and High Commissions](#). If you would like to be added to the weekly distribution list for this report, please also email us at exports@mfat.net.

Domestic updates

- Statistics NZ announced on 16 September that New Zealand's first COVID-19 lockdown saw imports fall more than exports, leading to a **record current account surplus of \$0.5 billion in the June 2020 quarter**. This is the biggest surplus since 1971, and compares with a \$1.4 billion deficit in the March 2020 quarter.
- The **Ministry for Primary Industries (MPI)** has launched an **independent review** of the **assurances MPI receives for the safe transport of livestock by sea** following the loss of the vessel *Gulf Livestock 1* and the consequent temporary suspension of issuing of Animal Welfare Export certificates (AWEC). The review is expected to take about a month.

Global & Multilateral update

- The **OECD estimates that the global economy will contract by 4.5% this year** (OECD Interim Economic Outlook, 16 September 2020). Global GDP collapsed in the first half of 2020 as the COVID-19 pandemic took hold, with declines of more than one-fifth in some advanced and emerging-market economies, and global trade contracted by more than 15%.
- The **OECD expects global GDP to increase by 5.0% in 2021**, although this remains heavily conditional on the progress of the pandemic. Even with this recovery, the level of output at the end of 2021 is expected to remain below that at the end of 2019 for most countries. Many major advanced economies could have lost the equivalent of 4-5 years of per capita real income growth by 2021.
- A McKinsey survey in the second quarter of 2020 with 60 senior global supply-chain executives found **93% of respondents plan to increase the level of resilience** across their supply chains. They intend to use a variety of mechanisms, including dual sourcing of inputs, increasing inventories of critical products, and near-shoring or regionalising their supply chains.
- New Zealand Government agencies are analysing **how such changes may impact New Zealand trade** and our broader connections to global value chains. We welcome any strategic insights from businesses on this analysis (exports@mfat.net).
- A World Trade Organisation Expert Panel said on 15 September that the **US breached global trade rules when it imposed tariffs on Chinese goods in 2018**, as it had "not met its burden of demonstrating that the measures are provisionally justified". The US has 60 days to appeal the ruling but the ongoing impasse on the appointment of WTO appellate judges would mean any appeal could not be heard if the US decides to lodge one.

Regional updates

Australia

- Prime Minister Morrison has announced that the Federal Government and State/Territories are exploring a **new ‘hotspot’ approach** for managing COVID-19. More information can be found [here](#).

Asia

- On 12 September **China** announced a **ban on the import of German pork products** after a case of African swine fever was uncovered in a wild boar in Germany. China is the largest export destination outside of the EU for German pork producers. South Korea had already banned imports of German pork in response to the outbreak.
- **Singapore** and **Japan** have announced that a **green lane for essential business and official travel will start on 18 September**. Visitors travelling under the green lane arrangement will be required to undertake pre-departure and post-arrival COVID-19 testing, and will also adhere to a controlled itinerary for the first 14 days in the receiving country. Singapore now has green lane agreements in place with China, South Korea, Japan, and Malaysia.

Europe

- The **UK Government introduced the “Internal Market Bill” last week**. The Bill has drawn criticism as it enables the use of domestic legislation to circumnavigate provisions in the Irish Protocol that is part of the Withdrawal Agreement negotiated with the European Union in 2019. Under the Withdrawal Agreement Northern Ireland will continue to follow some EU customs rules after the UK leaves the EU single market on 1 January 2021. UK Ministers say that the new legislation is necessary to ensure the “seamless functioning” of the UK’s internal market. The EU has responded with surprise and concern that the Internal Market Bill would breach international law by overriding previously agreed provisions of the Withdrawal Agreement.
- The **UK-Japan Comprehensive Economic Partnership Agreement** was [agreed in principle](#) by International Trade Secretary Liz Truss and Japan’s Foreign Minister Motegi Toshimitsu on 11 September. This significant as the first FTA concluded by the UK with provisions that extend beyond the rollover of an existing EU-third country agreement.
- The **European Commission’s decision on whether New Zealand’s data adequacy is maintained** is now **expected before the end of the year**. New Zealand’s “adequacy status” means EU entities can treat New Zealand as an EU country for the purpose of data transfers, which provides New Zealand businesses with a competitive advantage when seeking EU contracts over foreign firms whose countries do not have data adequacy status with the EU.
- While the lack of a formal lockdown helped domestic companies, **Sweden’s economic fortunes remains tied to external factors**. Those reliant on export markets were still adversely impacted by a sharp fall in demand and disruptions to global supply chains. In particular, COVID-19 disrupted the connectivity of global supply chains, restricting Sweden’s significant manufacturing sector. Industrial production and merchandise exports fell by a total of 15-20% during March and April.
- **Serbia and Kosovo** signed a US-brokered statement of intent to normalise economic relations. The agreement includes commitments to improve transport infrastructure and border crossings, reduce trade tariffs, and share energy and water resources.

Americas

- Last week the **US** Senate voted down a proposed Republican COVID-19 stimulus package (known as the “skinny bill”). Democrats had pressed for a more comprehensive package of support (the House of Representatives passed a US\$3.4 trillion package in May, and Speaker Nancy Pelosi had indicated in the current instance that Democrats would support a US\$2.2 trillion package). The Trump Administration said it would support a package valued at around US\$1.5 trillion, but several Congressional Republicans declined to support this package due to concerns about rising debt levels.
 - The **US** Occupational Safety and Health Administration (OSHA) has fined two US meat plants - Smithfield Foods pork plant in Sioux Falls, SD and a JBS beef plant in Greeley, CO – for failing to protect their employees from exposure to COVID-19, highlighting the sector’s ongoing challenges managing worker safety. California has also recently cited 11 agriculture and food companies with fines for similar violations.
 - **Mexico** reported a small recovery in net jobs for the month of August, which is the first increase in jobs since the onset of the pandemic. During the month around 92,000 formal jobs were recovered, which represents 8% of the jobs lost during the pandemic.
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- According to **Brazilian** Government statistics, July retail sales rose 5.2% from June figures – the third consecutive month of increasing retail sales. The generally strong recovery in the retail sector (relatively concentrated in essential goods, furniture and appliances) has been attributed to the Government’s emergency aid programme and the gradual reopening of the economy.
- **Argentina’s** Economy Minister Martín Guzmán has told local media that Argentina is seeking to avoid making repayments to the IMF between 2021 and 2024. IMF Communications Director Gerry Rice recently stated that the negotiation with Argentina is "in the initial stages" and that they look forward to seeing the government's plan, including the presentation of its 2021 budget

Middle East

- The **UAE** has reassured all Dubai Expo 2020 participants that it remains committed to hosting the event and are planning for all possible scenarios to deliver a high quality and “COVID-free” event, whatever the circumstances are next year. In May, Expo 2020 was postponed by a year due to COVID-19, with the six-month World Expo now commencing in October 2021. New Zealand’s Pavilion at Expo 2020 is focused on demonstrating “*Care for People and Place*” and more information can be found [here](#).

Market reports released this week

- A report on increasing use of voluntary [nutrition labelling within the European Union](#) jointly prepared by the New Zealand Embassies in Berlin, Brussels and Paris.
- A report by the New Zealand Embassy in Berlin on Germany’s [National Hydrogen Strategy](#), which identifies hydrogen as a central piece for driving transformation towards a low-carbon economy.
- A [market report on New Zealand’s export figures to South Africa](#) during lockdown, prepared by the New Zealand High Commission in Pretoria in collaboration with NZTE.
- Last week’s global economic and trade update can be found [here](#).

External links

The following links may provide useful information to businesses:

- [NZTE](#) has a website focused on providing COVID-19 information for exporters. They’ve also launched [myNZTE](#), an interactive digital portal of insights and tools available to all New Zealand exporters.
 - The Treasury releases a weekly [COVID-19 economic dashboard](#), and Stats NZ has published a new [data portal](#) with near real-time economic indicators.
 - MBIE publishes a [sector reports series](#) which provides regularly updated reports on all industry sectors that make up the New Zealand economy. These include official economic data and the challenges and opportunities that face New Zealand’s industry sectors.
 - [Business.govt.nz](#) provides tools and advice from across government to save small businesses’ time and help make the business a success.
 - MFAT has created a [tariff finder](#) which is designed to help goods exporters and importers maximise benefits from New Zealand’s Free Trade Agreements and compare tariffs in 136 other markets.
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More reports

View full list of market reports from MFAT at <https://www.mfat.govt.nz/en/trade/mfat-market-reports>

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