

*Substantive updates from the previous report have been shaded red.*

## Feedback

We welcome feedback from New Zealand exporters on this report as we continue to refine its content. We also invite requests for reporting from New Zealand's [network of posts](#). Please direct any suggestions or feedback to [exports@mfat.net](mailto:exports@mfat.net).

## Global summary

- The COVID-19 pandemic remains the primary trade and economic issue affecting New Zealand exporters. There continues to be no formal restrictions on market access for the majority of goods exports and imports as a result of COVID-19, but the global pandemic is placing intense pressure on global supply chains and disrupting trade flows. Some countries have placed export restrictions on medical products and some on staple food products, such as rice and wheat. There has also been an increased trend towards 'buy local' campaigns.
- The IMF's updated World Economic Outlook [released](#) on 24 June predicts that the global economy will shrink 4.9% in 2020, a downward revision of 1.9 percentage points from its April forecasts

## Multilateral economic and trade developments

- The impact of COVID-19 on **food security and supply chains**, and the role of trade in economic recovery, continue to be discussed internationally. New Zealand is actively engaged in such discussions and continues to advocate strongly for maintaining trade flows and upholding the rules-based trading system.

## Update on MFAT's supply chains work

- As part of its work to **ensure international supply chains** function as well as possible through COVID-19, MFAT has been using its network of Posts to monitor how international sea and air ports, and domestic logistics are operating. The latest fortnightly update has been [published online](#). MFAT also remains involved in an interagency group that is looking at longer term air and sea freight issues.
- The Ministry of Transport's **International Air Freight Capacity scheme** has been established to help maintain New Zealand's air freight links with global markets. Phase 1 added 70 weekly flights on Air New Zealand, China Airlines, China Southern, Emirates, Freightways Express, Qantas, and Tasman Cargo. The first phase of the Scheme ran to the end of June, and has subsequently been extended to the end of August. Phase 2 of the Scheme is currently being scoped out and will respond to current market conditions. In the first instance, exporters should contact their preferred freight forwarder to access the flights. A schedule of the flights is listed [here](#).
- After periods of congestion and blockages at **New Zealand ports** during the initial COVID-19 Level 4 lockdown, ports are now operating at or just below pre-COVID-19 levels and are being serviced adequately by foreign vessels.

# Regional updates

## New Zealand and Australia

- According to provisional Statistics **New Zealand goods trade data**, for the fortnight ended 15 July with the equivalent fortnight in 2019, total exports to all countries were up 17.3% from \$1.96 billion to \$2.30 billion, while total imports from all countries were down 9.9% from \$2.39 billion to \$2.15 billion. Over the first half of the year (January to 15 July 2020), New Zealand goods exports totalled \$33.6 billion, up 2.0% from the same period in 2019.
- From 18 July, passengers arriving in **New South Wales** from overseas will be [charged](#) for their quarantine hotel accommodation. This will also apply on a pro-rata basis to transit passengers who have to spend more than 24 hours in Sydney. A [quarantine fee](#) was also announced by the Queensland Government, effective 1 July.

## European Union and United Kingdom

- The **European Commission's** Summer 2020 [Economic Forecast](#) projects a deeper recession for the EU economy with wider divergences. The Euro area economy is forecast to contract by about 8.7% in 2020 before recovering at an annual growth rate of 6% next year. These projections are somewhat lower than in the spring forecast and point to an incomplete recovery, as output at the end of 2021 is expected to be about 2% lower than before the crisis. In response, the EU this week approved the establishment of a €750 billion recovery fund, which includes a programme of grants to member states worth €390 billion to help finance their recovery efforts.
- On 30 June the **European Council** agreed the list of 15 countries – including New Zealand – with whom **EU Member States** should start **lifting travel restrictions** from 1 July. The list also includes: Algeria, Australia, Canada, Georgia, Japan, Montenegro, Morocco, Rwanda, Serbia, South Korea, Thailand, Tunisia, Uruguay, and China. Responsibility for implementation sits with member states. Some EU Member States, including Belgium, Bulgaria, and Hungary, have decided to not implement the EU's Recommendation to open external borders. *(Note – the New Zealand Government continues to provide travel advice to New Zealanders via the SafeTravel website [www.safetravel.govt.nz](http://www.safetravel.govt.nz). As at 22 July, the New Zealand Government advises New Zealanders to not travel overseas.)*
- **Scotland, Ireland and Wales** have now also announced exemptions from self-isolation for arriving passengers from New Zealand along with England.

## Americas

- Figures released by the US Treasury Department on 13 July indicate that the **US budget deficit** widened to a record high of US\$864 billion in June, attributable in part to the Federal government's response to the coronavirus pandemic.
  - The **US Administration** is considering reinstating additional **tariffs on Canadian aluminium imports**, or imposing **quotas** to slow flows in response to complaints from some local producers. A full report on this issue has been published in the MFAT website [here](#).
  - Due to case increases in **Hawaii** and significant increases in the mainland US, the Governor of Hawaii's **plan to allow travelers from the US mainland to forego the 14-day quarantine** if they provide proof of a negative COVID-19 test on arrival is now delayed to 1 September. Since March, the number of visitors has reduced by 99.5%, directly contributing to Hawaii going from the US state with the lowest unemployment rate prior to the COVID-19 crisis, to the state with the highest rate (currently in excess of 25%).
  - On 8 July, **Canada** announced its **first economic and fiscal update under COVID-19**. The economy is projected to shrink by 6.8% in 2020, before coming back 5.5% in 2021. Net federal debt is projected to hit a never before seen CA\$1.7 trillion in 2021, though the Government and commentators see this as manageable. For further details, see the latest [economic report](#) for Canada, prepared by the High Commission in Ottawa.
  - **Canada** and the **US** have agreed to **extend current border measures**, limiting all non-essential travel until at least 21 August as part of ongoing efforts to slow the travel-related spread of COVID-19.
  - **Eight meatpacking plants in Argentina** have **temporarily suspended exports to China** after cases of COVID-19 were found among their employees. The suspensions are expected to last for about a week and leave Argentina with 88 meatpacking plants authorised to export to China.
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- On 13 July, unions in **Argentina** halted production of dairy products in demand for wage increases. While the situation was resolved that same day, reports indicated **shortages of dairy products** throughout the country following the strike.
- As **Uruguay's agriculture exports** start to recover from the downturn experienced during the first semester, industry officials are optimistic about **price increases in the global dairy price index**. In the first half of the year, Uruguay's **dairy exports** totalled US\$283 million, with whole milk powder increasing by 9% in terms of accumulated turnover (US\$191 million), and reports of an increase in export volume by 2%. Conversely, skim milk powder sales experienced a contraction in cumulative turnover of 29% (US\$12 million) and a reduction of volume of 39%.
- **Uruguay's beef exports to China** to June this year have been worth US\$376 million; representing a drop of around 32% compared to the same period last year, and has been attributed to a lack of livestock supply. In contrast to its neighbours, Uruguay's share of China's beef imports has fallen from 19% in 2018 to 9.1% so far in 2020, with Brazilian and Argentine produce accounting for 36% and 21% of China's beef imports this year.
- LATAM **Peru** is considering **restarting some international flights** from 1 August. The Ministry of Transport is looking at trialling flights from Cusco to Chile, Bolivia and Colombia, but has made no announcements about the resumption of services from Lima.

## Asia

- While the **Beijing cluster outbreak** in June has been contained (with no new cases for over two weeks), the unsubstantiated linking of the outbreak source with imported seafood, especially salmon, has had an **ongoing effect on demand**. Testing of imported food products for COVID-19 contamination continues at the border. There are no market access constraints on New Zealand **salmon**, but consumer demand remains very low and is impacting on both food service and retail channels.
  - **China** has **banned meat imports** from various processing plants that have experienced COVID-19 outbreaks in several countries in the past month including Brazil, Argentina, Germany, Canada and the Netherlands. **China has asked the Brazilian Ministry of Agriculture to suspend the export license for meat from two more Brazilian slaughterhouses** due to contamination of employees by COVID-19.
  - The **US Department of Agriculture and the Food and Drug Administration** issued a [joint statement](#) regarding **food export restrictions pertaining to COVID-19 and import requirements for those products in China**, saying that there is "no evidence that people can contract COVID-19 from food or from food packaging." In lieu of the requested official declarations by China's customs authority, US food and feed exporters are instead shipping their goods to China with "commitment statements", with no reported shipping issues to date (though Chinese authorities are yet to confirm they will accept these US producer guarantees).
  - **China** recorded **positive growth** in both **goods exports and imports** in June. In RMB terms, the total value of goods exports was up by 4.3% year on year, and the total value of imports was up by 6.2%. This was the second month in a row that trade data surprised on the upside. For the first half year, the total value of goods exports was down by -3.0%; the total value of goods imports was down by -3.3%.
  - The COVID-19 pandemic has impacted the **Japanese agriculture and fisheries sector**, through a reduction in numbers of migrant workers; a fall in profits related to restaurant closures and cancelation of large events; a reduction in food imports; and a reduction in agricultural exports from Japan. In response the Japanese government has introduced NZ\$9 billion in subsidies to the agriculture, forestry and fisheries sectors.
  - Due to a third wave of COVID-19, starting 8 July **crew members of aircrafts and vessels** entering **Hong Kong** will be subject to **mandatory COVID-19 testing** in addition to the original [requirement](#) of 14-day medical surveillance upon arrival (they will still be exempted from compulsory quarantine). The test result must be negative before entering Hong Kong.
  - **New Zealand's goods exports to Singapore** were up by 20% for the first five months of 2020, compared to the same period in 2019, while **food exports** to Singapore have held up in 2020. **A market update prepared by the New Zealand High Commission in Singapore can be found [here](#).**
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- From 15 July, **Singapore Airlines** (including Silk Air and Scoot) is allowing customers to **transit through Singapore Changi Airport** from Paris, Barcelona, Zurich, Osaka and Taipei to any destination in the SIA Group network currently operated by SIA, SilkAir or Scoot. This is in addition to the previously announced cities in Australia, New Zealand, China, Japan, Hong Kong, South Korea, Netherlands, United Kingdom, Germany and Denmark. Latest information can be found [here](#).
  - On 14 July, the foreign ministers of **Malaysia** and **Singapore** announced two separate schemes to **resume a limited re-opening of their border** effective 10 August: the Reciprocal Green Lane (RGL) and the Periodic Commuting Arrangement (PCA). The RGL will operate for essential business and official purposes, while the PCA is to allow residents from both nations who hold long-term immigration passes (for business and work purposes) to periodically return to their home countries for short-term home leave. Those eligible will have to take a COVID-19 PCR test upon departure and return, and submit an itinerary online prior to travel for approval. Travellers can stay for up to 14 days in country of work.
  - **Malaysia** has designated New Zealand, along with Australia, Brunei and Singapore as “**green zone**” countries. This means that certain categories of New Zealand nationals no longer require permission from the Immigration Department to enter Malaysia - and they are not required to self-isolate, although this is encouraged. The Immigration Department of Malaysia has provided information [here](#) and further details can be found [here](#). (Note – the New Zealand Government continues to provide travel advice to New Zealanders via the SafeTravel website [www.safetravel.govt.nz](http://www.safetravel.govt.nz). As at 22 July, the New Zealand Government advises New Zealanders to not travel overseas.)
  - The three **key drivers of the Indonesian economy** (foreign investment, commodity exports and private consumption) have slowed due to the pandemic’s impact. On the upside, Indonesia’s well established delivery services and online market places have allowed many people who have lost income to set up e-commerce businesses. Most **New Zealand businesses in Indonesia** have remained engaged in market, with a spike in customer interest in health products like fruit and honey. Food services have taken a hit, but non-commodity products have sold well in premium supermarkets. Some New Zealand products are more expensive than usual due to currency exchange and higher cargo costs. New Zealand’s reputation for food safety, current COVID-free status, and strong provenance value proposition are advantages that will have considerable leverage as consumers seek safe food options.
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## External links

The following links may provide useful information to businesses:

- The **WTO** issued on 6 July the latest edition of its annual publication '[World Tariff Profiles](#)', which provides information on the tariffs and non-tariff measures imposed by over 170 countries and customs territories.
- [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.
- MFAT offers [exporter assistance](#) at [exports@mfat.net](mailto:exports@mfat.net) or 0800 824 605 and publishes regular [market reports](#) for New Zealand exporters, including this report.
- 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 Insider maintains a list of [Countries on Lockdown](#) and their conditions.
- The International Trade Centre has produced a [Market Access Map](#) of temporary trade measures that have been enacted by governments in relation to COVID-19, and the World Bank has released a [database](#) on trade flows and policies.
- The [University of Oxford](#), [KPMG](#) and the [OECD](#) have published data on government responses to COVID-19.
- McKinsey's [COVID Response Centre](#) has a number of tools to assist businesses' response and recovery from the impacts of COVID-19.

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