

*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 Embassies and High Commissions. Please direct any suggestions or feedback to [exports@mfat.net](mailto:exports@mfat.net).

## Domestic Updates

- Statistics New Zealand [reported](#) on 17 September that **real production GDP fell 12.2%** in the **June 2020 quarter**, surpassing the previous record fall of 2.4% in March 1991, but still smaller than earlier forecasts. Apart from financial and insurance services, **all industries faced declines** this second quarter and most experienced record falls. The **largest declines** were in mining, transport, construction and retail trade, and accommodation.

## Global & Multilateral Update

- The **Agriculture Ministers of Argentina, Brazil, Canada, Mexico** and the **United States** issued a [statement](#) on 14 September highlighting the **importance of maintaining agricultural trade flows** during the COVID-19 pandemic and emphasising their **commitment to remaining reliable suppliers** of food and agricultural products globally. This statement was issued following a meeting of G20 Agriculture Ministers the previous week.
- The **WTO** has released its latest **services trade barometer**, which provides an **approximate measure of the growth in world services trade**. The [latest report](#) notes that services trade currently sits at 95.6 (below trend) suffering a sharp fall in the second quarter of 2020. Some services sectors are performing well (financial services) which has acted as a counterbalance to those that have seen significant declines such as tourism. The WTO releases its services trade barometer twice a year.

## Regional Updates

### Asia

- The **Philippine government** is looking to **fast-track programmes** to promote greater **digitisation of the economy and society**. This will be supported by a PHP 46.4 billion (NZD 1.4 billion) budget bid. The NZ Embassy, in partnership with NZTE and Creative HQ, is developing initiatives with government agencies, including the Anti-Red Tape Authority, to support and leverage this digitisation effort.
- New Zealand companies** connected with the **Philippines** expect **post-COVID-19 business conditions** to remain difficult for a further 18 months, with companies in the F&B sector, Business Process Outsourcing, renewable energy, construction/engineering and aviation reportedly the hardest hit. However, companies **shifting to digital** platforms for delivery and/or new services have reported opportunities in this otherwise challenging environment.
- India's exports** have fallen 12.66% year-on-year in August due to fall in shipments of petroleum, leather, engineering goods, gems and jewellery items. This is the sixth straight month of contraction. **Imports** also declined 26% in August, leading to a **trade deficit** of \$6.77 billion. The deficit was \$4.83 billion in July and \$13.86 billion in August 2019.

## Europe

- **New Zealand and Germany's bilateral trade decreased over the first half of 2020** in comparison with the same period in 2019. **New Zealand exports** went down by slightly over 10%, which was largely attributable to a 30% drop in tourism revenues (meat exports remained relatively stable, while medical equipment exports performed better compared to the prior period). **German exports** to New Zealand dropped by more than 20%, which was mainly due to a reduction in car sales. By contrast, **German transportation services** remained sought after, as were machinery and pharmaceuticals.
- On 3 September, the **European Commission** launched a new [Action Plan on Critical Raw Materials](#). The development of this action plan was identified as one of the work streams under the Industrial Strategy released in March as a means to reinforce Europe's industrial and strategic autonomy. The Action Plan also aims to increase the use of secondary raw materials, improving resource efficiency and circularity while promoting responsible sourcing worldwide. It includes an [updated list](#) of 30 critical raw materials, including lithium for the first time.

## Americas

- The **Trump Administration** [reached a decision](#) not to implement a planned 10 percent tariff on **Canadian aluminium** shortly before announcement of Canada's intention to impose \$3.6 billion worth of retaliatory countermeasures. The US announcement was accompanied with monthly volume limits on aluminium imports to the US, with a 10 percent tariff to be imposed if shipments exceed those limits.
- President Trump's announcement that **TikTok and WeChat** would be **banned from US App stores** from 20 September has been **delayed a week** as the President signalled his support for the Oracle-ByteDance partnership, and while a court in California temporarily [blocked the WeChat ban](#). The Trump Administration has now given Oracle and ByteDance until 12 November to secure a deal over TikTok that alleviates US national security concerns.
- **US retail sales** continued their COVID-induced **decline in August**. The slowdown in spending was underscored by a 5.7% drop in sales at sporting and other leisure goods, while food and beverage stores fell 1.2%. Clothing sales and restaurant/bar sales saw modest gains, while remaining around 20% below February levels.
- **Colombia** is **reopening its international borders** from 21 September, closed since 22 March. The approved destinations under "phase one" of the re-opening include the US, Mexico, Dominican Republic, Brazil, Ecuador, Bolivia and Guatemala. Colombian authorities have also defined [new protocols](#) for the exit and entry screening at airports.

## Middle East

- **Saudi Arabia** has [announced](#) a **partial lifting of COVID-19-related travel restrictions** from 15 September, allowing entry and departure for "exceptional categories" of citizens, residents, and some visa holders. **All restrictions** on air, land and sea transport is **scheduled to end "after" 1 January 2021** (exact date to be announced in December). Saudi Arabia continues to require evidence of a negative PCR COVID test taken no more than 48 hrs prior to arrival, and all those entering must self-quarantine at home for three days.
- **South Africa** has moved to **the lowest level of its alert system** as of 20 September. South Africa's **international border** will **re-open to certain countries from 1 October**, subject to [conditions](#), including a negative COVID-19 test result not older than 72 hours.

## Market reports released this week

- Last week's global economic and trade update can be found [here](#).
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## 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 [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>

If you would like to request a topic for reporting please email [exports@mfat.net](mailto:exports@mfat.net)

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