

*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).

## 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

## Regional updates

### New Zealand, Australia and Pacific Region

- According to provisional Statistics **New Zealand goods trade data**:
  - For the fortnight ended 22 July with the equivalent fortnight in 2019, total exports to all countries were down 3.0% from \$2.25 billion to \$2.18 billion, while total imports from all countries were down 19.5% from \$2.58 billion to \$2.08 billion.
  - Looking over a longer period of time, provisional total exports reached \$60.2 billion for the year ended June 2020, a 1.4% rise on the previous year. Provisional total imports reached \$61.4 billion for the year ended June 2020, a 4.6% decrease on the previous year.
- The **Australian Government's pre-budget economic update statement** of 23 July revealed a budget deficit of nearly \$90 billion for 2019-20, and forecast a deficit of \$190 billion for 2020-21. The Government confirmed the official **unemployment** rate is 7.4%, but highlighted the jobless rate at 11.3% being the real indicator. A new report focusing on recent economic developments in Australia has been prepared by the New Zealand High Commission in Canberra [here](#).
- **French Polynesia re-opened its borders fully** on 15 July, with available flights connecting Pape'ete to Europe and the US. Inward travellers must provide a negative COVID-19 test result within 3 days of departure and self-administer a second test following four days in-country.

### European Union and United Kingdom

- On 21 July, the **European Council** [adopted conclusions](#) on its COVID-19 economic **recovery plan** and **multiannual financial framework** for 2021-2027.

- A **€1.82 trillion package** was agreed, consisting of a €1.074 trillion 7-year budget, and a €750 billion COVID-19 recovery fund for member states consisting of €360 billion in loans and €390 billion in grants.
- The decision includes:
  - Slightly reduced funding for the EU's **Common Agriculture Policy**, which is set to be reformed in the next 7-year period.
  - A **levy based on non-recycled plastic waste**, which will be applied as of 1 January 2021 at a rate of €0.8 per kg.
  - Agreement that the European Commission will publish proposals for a **Carbon Border Adjustment Mechanism** and a **Digital Tax** in early 2021 with the aim of introducing these new taxes in 2023. [Public consultation](#) on a Carbon Border Adjustment Mechanism has now opened.
- New **French Prime Minister**, Jean Castex has outlined France's **proposed economic, environmental and social response to COVID-19**. The package includes a €100 billion recovery plan, focused on creating jobs and reducing unemployment, and corporate tax cuts as part of a €40 billion package for the private sector. A further €20 billion is dedicated to accelerate transition to a green economy.
- **Ireland** announced its largest ever **cash stimulus** on 24 July, including €5 billion in cash, €2 billion in loan guarantees for businesses, and a VAT cut from 23% to 21%. The package includes an extension to the home help-to-buy scheme, a staycation income tax credit, and an extension to pandemic unemployment payments and wage subsidies.
- Travellers from **Spain** have been ordered to **self-isolate** for two weeks by a number of European countries due to a surge of infections across Spain.

#### Americas

- **COVID-19 cases continue to rise** in almost every US state, with increasingly **severe impacts on the US economy**. New US **unemployment** claims rose to 1.4 million in the week 20-26 July, ending 15 weeks of consecutive declines in new applications. Overall, nearly 32 million Americans are now receiving unemployment benefits. Congressional negotiations are continuing towards a new COVID-19 economic relief package.
  - The COVID-19 pandemic has enabled more Americans to experience the advantages of remote medical treatment, which has until now been hampered by fragmentation and heavy regulation. A recent [report](#) prepared by the New Zealand Embassy in Washington on **opportunities in the US e-health Sector** has been published on the MFAT website.
  - **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.
  - 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](#).
  - As COVID-19 cases continue to rise significantly across most of the region, **Latin American economies continue to be significantly impacted** by the pandemic.
    - **Colombia's** government re-opened Congress last week with the promise of an **economic recovery plan**. It has four pillars geared towards the generation of jobs, investment in clean economic growth, protection of the most poor and vulnerable, and investment in the countryside, peace and legality. This package is estimated to cost 10% of GDP.
    - In **Chile**, people can now **withdraw up to 10% of their pension funds**. One prediction is that this access to these funds will increase private spending and therefore help economic recovery. Scotiabank has estimated the additional cash flow could reach US\$10 billion initially, resulting in a 3-3.5% increase in GDP.
    - According to official data, SMEs have been the most affected economically by the pandemic in **Mexico**. Between April and June over 10,351 registered companies withdrew from paying social service contributions.
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- Health authorities in **Uruguay** temporarily closed a **meatpacking plant** in Carrasco last week after a COVID-19 case was detected in one of its workers. The affected plant exports beef and sheep meat to China, Russia, the US and the EU. This was the first COVID-19 case to affect the meat export sector in Uruguay; normal activity at the plant has now resumed.
- Renewed demand from **China** in recent months for **Ecuador's frozen shrimp** (its second largest export after oil) has compensated for a sharp drop in sales to the US and Europe due to pandemic-related supply chain disruptions. However, China suspended shipments in mid-July due to traces of coronavirus being found in the packing cases.
- The **Association of Chilean Fruit Exporters** has signed a memorandum of understanding (MoU) with the **Chinese Chamber of Commerce on trade in fresh fruits**. The MoU will cover reciprocal visits, technological and technical exchanges, information sharing on customs procedures, and promotional support as necessary. China is Chile's biggest market in Asia for fruit exports (cherries, table grapes and plums are the top three products by volume), worth US\$1.3 billion in 2019.
- The **Argentine government** is seeking to strike a deal with Beijing to stimulate **Chinese investment in Argentina's pig production**. The initiative would seek to increase production capacity and could reportedly generate as much as US\$20 billion annually in exports of pork and pork products through Chinese investment.

#### Middle East and Asia

- **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.
- 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.
- 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](#).
- **Malaysia** has reinstated mandatory **hotel quarantine for returnees** following a recent increase in COVID-19 case numbers and the emergence of new clusters. Masks will now be required for crowded areas and on public transport.
- The **United Arab Emirates** has announced that from 1 August all passengers entering or transiting the UAE must have had a negative COVID-19 test confirmed prior to boarding their flight to or via the UAE.

## Multilateral trade, economic and supply chain updates

- 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 supply chains 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](#).
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- 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.
- 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.

## 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 [www.mfat.govt.nz/market-reports](http://www.mfat.govt.nz/market-reports)

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