

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.

Domestic Update

- The **Ministry for Primary Industries (MPI)** has [announced](#) **new requirements for the safe transport of livestock by sea**. These findings come from the independent review into the animal welfare assurances MPI receives from exporters which was launched after the loss of the Gulf Livestock 1 in early September. The review found that **New Zealand** has robust checks and balances in place to ensure the welfare of livestock transported by sea, but that MPI can strengthen parts of the **Animal Welfare Export Certificate (AWEC) process**.
- **Industry stakeholders and freight forwarders continue to report sea freight import and export delays and increasing costs**. In addition to forestry and wine exporters, some avocado exporters are now expressing concern that delays are impacting the quality of their product landing in market. **The Ministry of Transport is continuing to engage with MFAT, MPI and other agencies to assess the extent of the problem**. Congestion from deferred import activity from earlier in the year due to global COVID-19 shutdowns and schedule disruption caused by recent industrial action at the Australian ports continue to be seen as the main causes. Increased freight costs are likely to impact SMEs that are more exposed to market price fluctuations.

Global & Multilateral Update

- In the race to be the next **Director-General** of the **WTO**, the **General Council Chair** and **New Zealand Permanent Representative to the WTO, Ambassador David Walker** has reported on the **results** of the consultations to appoint the next Director-General. The final two candidates are **South Korea's Yoo Myung-hee**, and **Nigeria's Dr Ngozi Okonjo-Iweala**, which ensure that for the first time the WTO will be headed by a female. Following the conclusion of the meeting a WTO spokesperson said that the candidate that had the best chance of attaining consensus amongst the WTO membership is Dr Ngozi Okonjo-Iweala and that consultations on the way forward will start immediately.
- The **WTO reported** last Friday that **global trade in services** in the second quarter of 2020 plunged by a record 30% year-on-year, with the travel sector particularly hard hit by COVID-19 and associated restrictions. Declines in services trade were recorded across all regions and most services sectors except for computer services, which was buoyed by a shift towards remote working and a rising demand for digitalization.

Regional updates

Australia

- In a speech about major risks to **Australia's** financial stability on Tuesday evening, the **Reserve Bank Australia (RBA)** assistant governor **Michele Bullock** said Australia's **economic recovery** from the COVID-19 recession will be "unpredictable and uneven". The RBA expects non-performing loans to continue to rise as falling incomes make it hard for households to meet repayments. The RBA says the likelihood of a major bank failing is "very low, but there are vulnerabilities".
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Asia

- **China's National Bureau of Statistics** [reported](#) this week that **China's GDP grew by 4.9% in the third quarter (Q3)**. On the back of 3.2% GDP growth in Q2, China recorded GDP growth (of 0.7%) for the first nine months of 2020, putting China on track to be one of the only global economies with GDP growth in 2020. This is a sharp turnaround from the historic 6.8% decline in China's economy over the first quarter. **Q3 growth was led by the secondary (manufacturing) sector, which grew by 6%**. The primary sector also expanded 3.9%, and the tertiary (services) sector was up 4.3%. Consumer spending returned to growth this quarter for the first time, supported by increased consumer confidence and a continued increase in real household income.
- **China's State Postal Service** [published](#) a **notice** on 20 October noting the predicted increase in postal services required before the end of the year. The notice called for **further strengthening of COVID-related 'prevention and control' measures** and directed the postal service to "implement advanced control" around the processing of all "imported **cold-chain mail shipments**."
- The **Japan-United Kingdom Comprehensive Economic Partnership Agreement (CEPA)** was signed on 23 October. The aim is to complete respective domestic procedures by the end of the year, with **entry into force** on 1 January 2021. The agreement largely rolls over the provisions of the Japan-EU Economic Partnership Agreement, with enhancements in areas such as digital and data, financial services, food and drink, and creative industries. Following signature, UK Government has published the following [suite of documents](#), including a [summary](#) of the Japan-UK CEPA.
- **New Zealand goods exports** to Viet Nam (our 15th largest two-way trading partner) have stood up well despite the pandemic, with **agriculture, food, and forestry products** making up roughly 93% of New Zealand exports to Viet Nam. In the year to June 2020, **whole milk powder, skim milk powder, fruit** (mainly apples) and **frozen fish** exports significantly increased, while **timber products** have seen a decrease. **Value-added dairy products** (liquid milk, butter, cheese, infant formula) remained fairly steady, and other processed food (supplements, formulated powders) have seen significant growth. In the same June-June timeframe, two-way **trade in services** with Viet Nam has decreased by 1.7%, with further declines expected through 2020 and early 2021 due to travel restrictions. **E-commerce** in Viet Nam is growing as Vietnamese consumers are increasingly purchasing online, particularly at the premium end of the market where New Zealand products compete.

Europe

- The **UK's transition period** from the **EU** will end on 31 December 2020, when it will leave the EU customs and single market. Information about **how Brexit may affect New Zealanders**, including **exporters**, can be found [here](#).

Market reports released this week

- An update to MFAT's monthly report on international supply chains is can now be viewed [here](#).
 - A report on food purchasing trends among consumers in the UK and Europe is available [here](#).
 - An economic update on China was prepared by the New Zealand Embassy in Beijing and can be found [here](#).
 - 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 economic update](#) every Friday. 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.

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

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