

Prepared by the New Zealand Embassy in Abu Dhabi and the Middle East and Africa Division in Wellington

Key points

- The impact of COVID-19 continues to be felt across the Gulf region, but as a key market for New Zealand exporters, it has fared relatively well through COVID-19 and has retained its role as a supply chain nerve centre.
- As collectively New Zealand's 7th largest trade partner, the six countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) of the Gulf Cooperation Council (GCC) are crucial in our global diversification and trade recovery strategies.
- With over 96% of our exports by value arriving in the GCC by sea, ports and other maritime trade enablers occupy a critical role in ensuring New Zealand goods can reach markets, particularly supporting the Gulf region's food security needs.
- Air connectivity also remains important. Some 2.5 billion people in Europe, the Middle East, Asia and Africa live within a four-hour flight of key regional hubs of Dubai and Doha where, prior to COVID-19, New Zealand was connected by 28 flights a week on Emirates and Qatar Airways.
- New Zealand exporters have reported relative normality in port and sea freight operations throughout the Gulf during COVID-19 and many Gulf countries have adapted to COVID-19 related challenges, introducing trade facilitation measures.
- Overall, our exports to the GCC during the pandemic have seen a significant increase compared to the same period last year, with exports in Q2 2020 increasing 38% to a total of \$619 million. Dairy, red meat and fruit remain the top New Zealand exports to the region, and all have seen increases in their exports by value in Q2 2020 compared to the same period in 2019.

Snapshot: GCC – the global supply chain nerve centre

Major hubs within the GCC, namely the UAE and Saudi Arabia, are renowned as global supply chain nerve centres. Dubai's Jebel Ali Port is the world's 10th largest container port, and Dubai International Airport, the world's sixth busiest in terms of cargo traffic. Jeddah's Islamic Port is a major link for trade between Europe, Asia and Africa and is the second largest port in the region after Jebel Ali. Similarly, King Abdulaziz Port is one of the largest oil exporting ports in the world and the port through which the bulk of New Zealand's two-way trade with Saudi Arabia travels.

The UAE's huge infrastructure investment and development of integrated free zones, Saudi Arabia's significantly increasing trade volumes, their shared geographical advantages and trade facilitation policies including fast import clearance are factors that support continual growth, protecting the GCC's role as a regional supply chain and distribution gateway.

GCC supply chains adapt to COVID-19

Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai has outlined the UAE's clear focus on food security, noting that "our national priorities need to be reviewed to cope with the post-COVID-19 world. Our financial and human resources need to be redirected to strengthen our medical, food and economic security."

Saudi Arabia also moved quickly to ensure supply chains – particularly food imports – would not be impacted by the pandemic. In a recent interview, the President of the Saudi Port Authority said that "Saudi Arabia's ports were not affected by COVID-19 and continued to operate at full capacity." Trade and cargo were largely exempt from Saudi Arabia's border closures, and the total volume of cargo through major ports was comparable to the same period last year. In April the King Abdullah Port doubled its operations and expanded the capacity for refrigerated containers to receive additional shipments of food and medical supplies.

COVID-19's impact on New Zealand exporters in the Gulf

In 2019, 99.8% of New Zealand goods exports to the GCC by volume and 96.3% of goods exports by value were transported via sea freight, reflecting a heavy reliance on sea freight and port operations for New Zealand goods to reach the Gulf as both a final destination, and for re-exporting to Europe and Africa.

NZTE in New Zealand has been working directly with customers to boost the resilience of their supply chains, so they are prepared for shocks to the supply chain like we have seen with COVID-19. Trade Commissioner Dubai has held weekly discussions with customers, to hear how exporters are faring with the disruptions caused by COVID-19 and hearing what the key challenges are. To date issues that the group have raised include the shifting demand for food and beverage out of the traditional food service into online ordering, decreasing consumer and business to business (B2B) demand across most sectors, slowing infrastructure projects, and ongoing payment delays from customers.

In general, New Zealand exporters have reported that they have not experienced many issues in sea freight and port operations in the UAE or Saudi Arabia. In addition, exporters have reported the increasing reliance of local distribution networks once goods arrive at a port, in particular for exporters without a physical presence and who rely on e-commerce for their business. Well-connected distribution networks as well as strong relationships with those operating the networks have been vital during COVID-19 and have helped New Zealand exporters maintain the flow of goods in the region.

In Saudi Arabia, the Embassy has not had any reports of New Zealand exports being significantly impacted by COVID-19. NZTE reports that there has been no-change or improved clearance times at sea ports in Saudi Arabia throughout the pandemic period. Imports of food and medicine have been clearing ports in an unprecedented two-hour window due to Saudi Arabia's efforts to safeguard food security.

However, there have been some challenges for exporters in sea freight and port operations:

- New Zealand exporters have felt the impact of the **high pressure on the food sector** in the region due to COVID-19. It is expected that the food service sector will continue to adapt over time, with tourism returning to some parts of region, but things will look different to before.
 - In terms of port operations, exporters observed **slight congestion at Ports** in the Gulf and some experienced a few delays with clearance procedures at Gulf ports but the shipping lines allowed for extra detention days while awaiting clearance. This issue was not significant and there was no need to re-direct any goods.
 - Some exporters have experienced **delays in couriers** delivering export documents from New Zealand.
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- The overall the **availability of containers and shipping has been normal in both the UAE and Saudi Arabia**. In New Zealand, container ability was managed relatively well however the lower quantity of containers being transported to New Zealand, compared to containers heading to the Middle East, reduced the sea freight availability and capacity for some businesses.
- The **closure or limited operation of banks in the region** impacted some exporters, as documents could not be picked up once payment for goods was made – causing delays.

Exporters are looking to markets like the Gulf who have retained “some normality” through COVID-19. The Gulf market has seen growth in New Zealand exports despite the pandemic, with New Zealand exports to the region having increased 38% in Q2 2020 compared to the same time last year.

The 75% spike in demand for New Zealand food products in Saudi Arabia in April which looked like a one-off in response to COVID-19, appears to have been at least somewhat sustained as June figures registered a year-on-year increase of 27% for Saudi Arabia that month-the highest increase of any single market in New Zealand’s top 20 trade partners.

Gulf governments’ adapt quickly to facilitate trade

The resilience of Gulf supply chain networks through the COVID-19 crisis has been supported by Gulf governments who have introduced a variety of trade facilitation measures of assistance to New Zealand exporters. These include:

- *Suspension of Consular Authentication*
Kuwait, Qatar and Oman all agreed to suspend the requirement for consular authentication. MPI has provided Kuwait authorities with access to its electronic certification system, ‘E-cert’ to enable verification of health certificates. Halal certificates are now also able to be verified directly from E-cert.
 - *Shelf Life*
Prior to COVID Kuwait applied a shelf life of 70 days for chilled beef and sheep meat. In April MPI formally requested an extension to shelf life limits and Kuwait agreed to 90 days for chilled sheep meat and 120 days for chilled beef. This extended shelf life has now been adopted in a revised shelf life standard that has been notified to the WTO.
 - *Exemption from Arabic Labelling Requirements*
Several Gulf countries have temporarily allowed the importation of food products without Arabic labelling (i.e. English labelled), provided that the imported products met the local health and safety requirements. This reflected issues facing manufacturers in some countries in having their products labelled with Arabic text during COVID lockdowns.
 - *Facilitation of border clearance*
Dubai Municipality is responsible for all imports into the Emirate of Dubai, which is the majority of New Zealand exports to the UAE. Due to issues getting original export documents to the UAE in the early stages of the COVID pandemic, Dubai Municipality agreed to accept electronic copies of health and Halal certs via in lieu of original hard copies. Dubai Municipality agreed to utilise MPI’s E-cert system for verification of health and Halal certificates, thereby facilitating faster clearance of New Zealand shipments. MPI is also working with Dubai Municipality on implementation of a paperless certification trial, which will commence once Dubai Municipality has developed the necessary IT systems.
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Saudi Arabia undertook to facilitate the border clearance process, so that they could be completed within one hour. Saudi Ports Authority and Saudi Customs extended operating hours and received containers and all cargo type vessels around the clock. They also allowed for exclusion from curfew requirements to ensure the efficient and smooth flow of goods.

For the Saudi Arabia market, exporters have also increasingly been able to submit paperwork electronically and in advance of shipments. The New Zealand Embassy is involved in ongoing discussions with Saudi authorities to institutionalise some of these more pragmatic changes.

For the latest information on import requirements, we refer primary sector exporters to the relevant Overseas Market Access Requirements (OMAR) [here](#).

How can we help you?

We have a network of posts in the Middle East and Africa, including the Embassy in Abu Dhabi (UAE) and Riyadh (Saudi Arabia). NZTE is located in Dubai and Riyadh.

The New Zealand Consulate in Dubai has been providing regular updates for markets around the world, including the Middle East on the New Zealand Trade and Enterprise (NZTE) website, see [here](#) for more information. In market, NZTE also works directly with NZTE customers. Over the last few months the New Zealand Middle East Business Council has hosted several webinars for its members, the most recent of which provided an insight from representatives in the freight industry on the latest developments with air and sea freight in the Gulf region.

NZInc will continue to work together closely to seek the latest information and possible opportunities for New Zealand businesses.

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All trade statistics are sourced from Statistics New Zealand

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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