

Monitoring International Supply Chains

03 August
2020

Developments over the last month

Trade/Overview

- On July 30 the International Food Policy Research Institute (IFPRI), released a report, published in the journal 'Science' stating that COVID-19 has led to a global economic slowdown that is affecting all four pillars of food security—availability, access, utilization, and stability. They found that agricultural and food markets continue to face disruptions due to labour shortages caused by lockdowns, as well as large shifts in food demand arising from income losses and the closure of schools and restaurants. The report recommends governments avoid further use of disruptive policies like export restrictions on food, keep policies consistent with rules agreed at the WTO and maintain open trade channels.
- Comparing provisional Statistics New Zealand goods trade data from 1 February to 1 July, goods exports were valued at \$26.65 billion, only slightly down on \$26.89 billion for the same period in 2019 Total imports from all countries were down from \$25.4 billion to \$22.5 billion. Comparing the fortnight ended 1 July with the equivalent fortnight in 2019, total exports to all countries were down 4.3 percent from \$2.42 billion to \$2.32 billion, while total imports from all countries were down 1.9 percent from \$2.51 billion to \$2.46 billion.

Availability of Air Freight

- Air freight remains significantly impacted as a result of COVID-19, though there are signs of a slight improvement in conditions. Countries representing nearly 90% of New Zealand's 2019 trade are showing slightly or significantly reduced air freight operations. Air Freight costs remain elevated. IATA data is suggesting growth in demand for air freight.
- The Government's International Air Freight Scheme continues to add additional international air freight capacity, particularly trans-Tasman, across the Pacific, Asia and into the Middle East. Additional flights into and out of New Zealand are continuing to resume.
- Air NZ is expanding its flights into the US with three weekly flights to San Francisco and daily flights to Los Angeles (up from three a week). It also moved from one to two flights a week to Tokyo and introduced a one-off flight to Seoul.
- From August 3 Qatar is planning to operate flights from Doha to Auckland via Brisbane three times a week.
- From September 3 Malaysia Airlines will operate a twice weekly non-stop service between Kuala Lumpur and Auckland
- From July 15, Singapore Airlines has allowed customers to transit through Changi Airport from Paris, Barcelona, Zurich, Osaka and Taipei to any destination in their network. 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.
- Cathay Pacific Cargo saw its airfreight volume declines deepen in June (down 43% compared with last year) as urgent demand for PPE continued to ease. This was a significant factor in the announcement of their estimated net loss of HK\$9.9bn (NZ\$1.9bn) over the first 6 months of 2020.

Availability of Sea Freight

- Sea freight has not been as strongly affected as air freight. Countries representing more than two-thirds of New Zealand's trade are showing normal sea freight operations.
- Clarksons Research has reported that seaborne trade is expected to drop by 1bn tonnes in 2020, resulting in an expected 5.6% contraction of global sea trade over the calendar year. However the Port of Singapore (the world's largest container port) saw only a 1% drop in container volumes in the first half of 2020, whilst China announced that their 8 largest ports have seen a 3.4% volume increase year-on-year in early July.
- This week Pan Ocean launched a new direct shipping service linking Guangzhou and South Korea.
- King Salmon is facing constraints getting fresh chilled product by air across from the west to the east coast because of Air NZ's pulling out of non-LAX routes and the removal of wide body aircraft on US domestic routes.

Domestic Operations

- Domestic logistics and freight transport networks are also not strongly affected. Domestic logistics in countries account for half of New Zealand's 2019 trade are operating normally, and an additional 40% are slightly reduced.
- In Indonesia, sustained border closures have placed increased pressure on many New Zealand businesses that require in-person visits to run their business, including education and tourism.

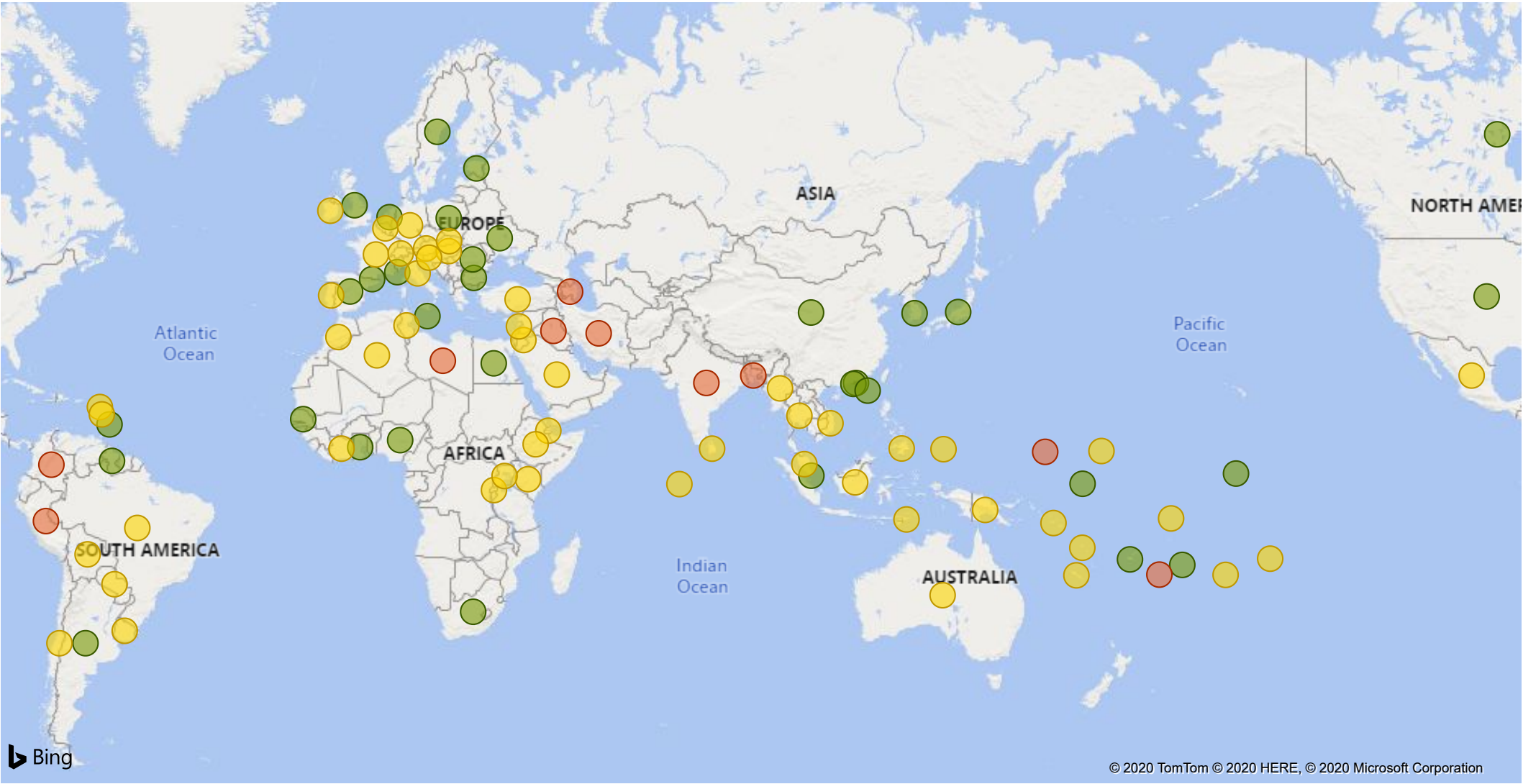
Policy Interventions/Updates

- Restrictions on arrivals and aircrew rules have required significant effort to enable NZ Bloodstock grooms to accompany NZ horses to and from Hong Kong.
- The Malaysian systems designation of some services as essential and some as non-essential has been confusing for businesses on the margins and for businesses contributing to an essential business chain that are not in themselves essential. The process of applying to be considered essential has proven onerous for some businesses.

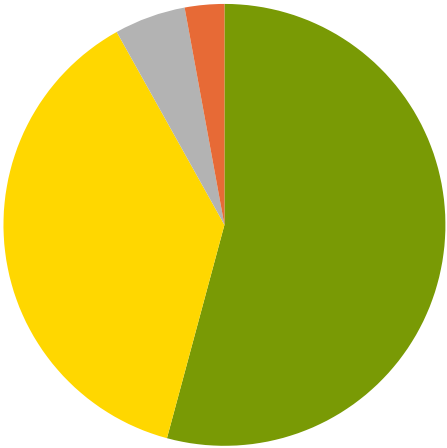
Domestic Logistics and Freight Transport

Data source COVID-19 Post Data tracker updated on 2/8/2020

Status ● Normal ● Slightly reduced ● Heavily reduced



Responses weighted by 2019
NZ trade share



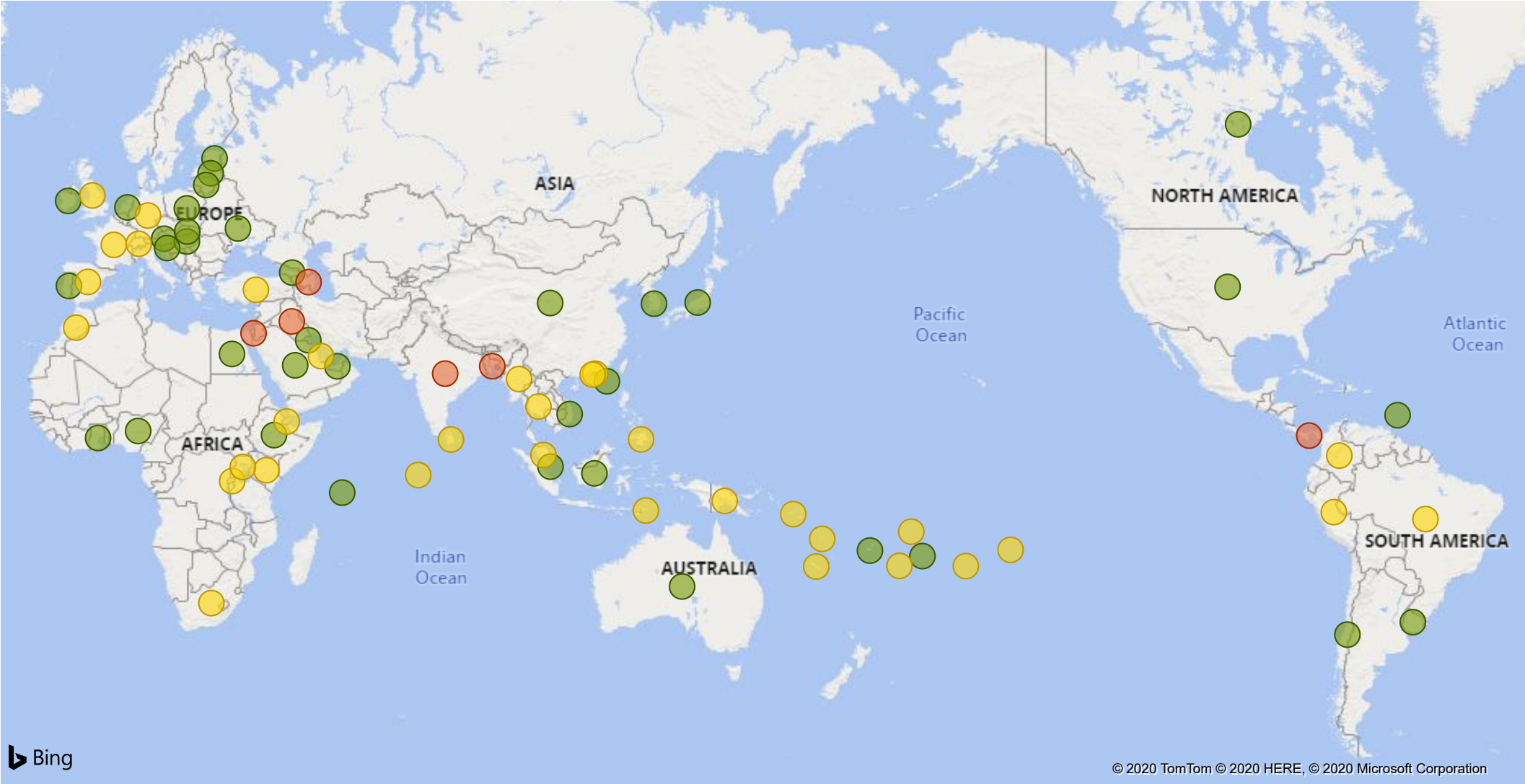
Status	%	Trade Share
Normal	■	54.04%
Slightly reduced	■	37.60%
Response to come	■	5.21%
Heavily reduced	■	2.88%

Data points are shown where there are reductions and where data is available.

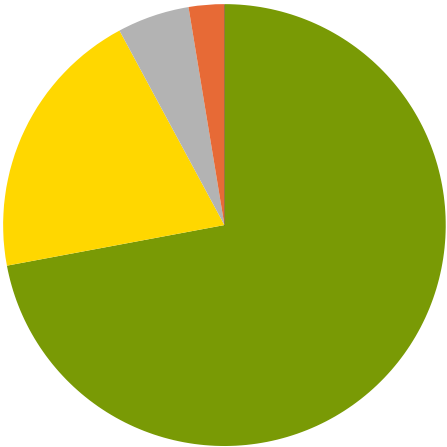
Functionality of Sea Ports and Availability of Sea Freight

Data source COVID-19 Post Data tracker updated on 2/8/2020

Status ● Normal ● Slightly reduced ● Heavily reduced ● Not operating



Responses weighted by 2019
NZ trade share



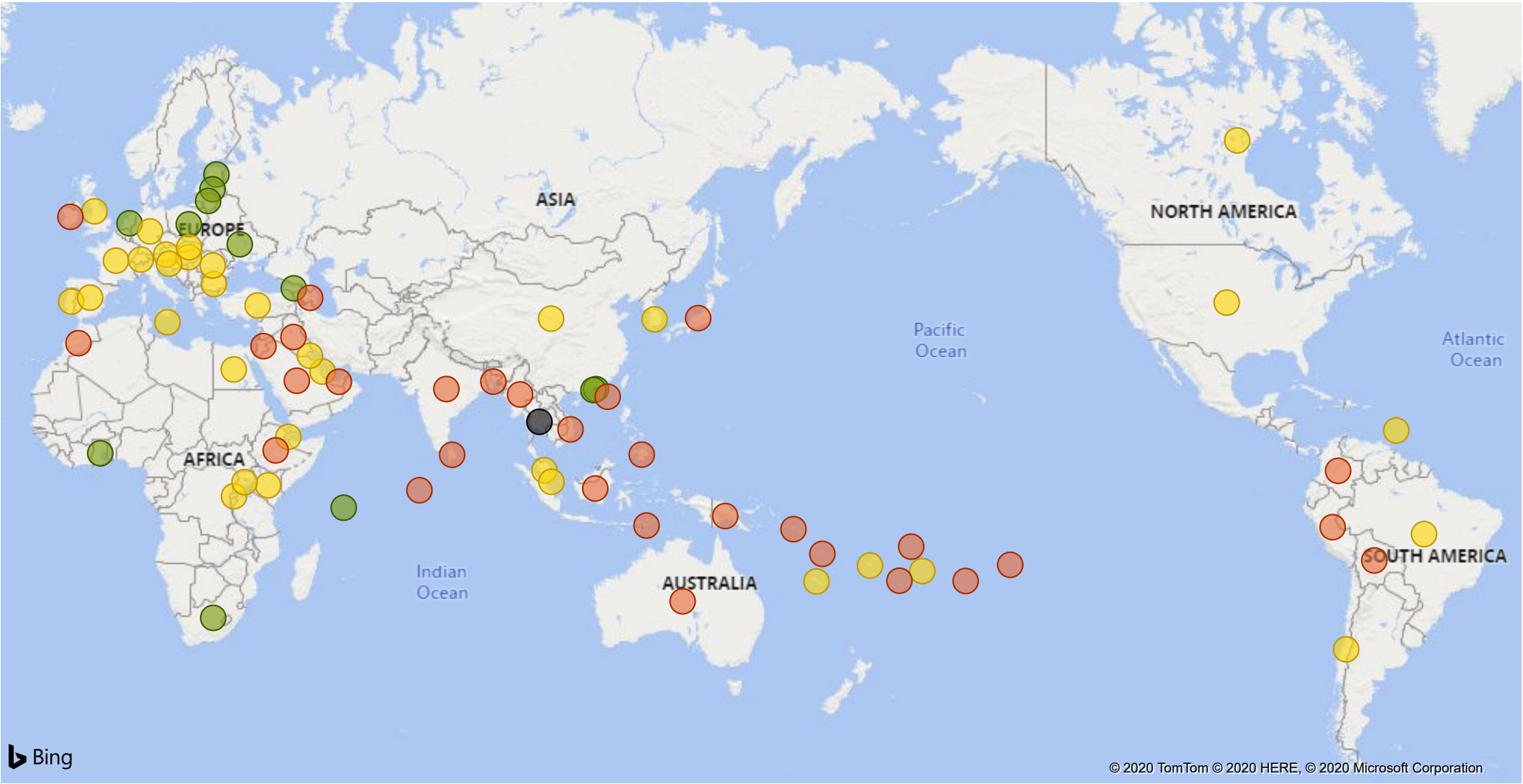
Status	%	Trade Share
Normal	■	71.85%
Slightly reduced	■	20.02%
Response to come	■	5.25%
Heavily reduced	■	2.59%

Data points are shown where there are reductions and where data is available.

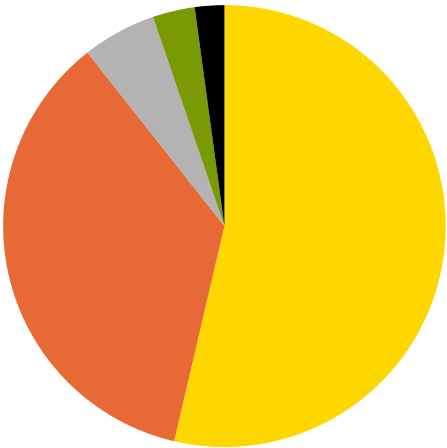
Functionality of Air Ports and Availability of Air Freight

Data source COVID-19 Post Data tracker updated on 2/8/2020

Status ● Normal ● Slightly reduced ● Heavily reduced ● Not operating



Responses weighted by 2019
NZ trade share



Status	%	Trade Share
Slightly reduced	53.50%	
Heavily reduced	35.63%	
Response to come	5.37%	
Normal	3.07%	
Not operating	2.14%	

Data points are shown where there are reductions and where data is available.