

To ensure New Zealand’s global supply chain connections continue to function during the COVID-19 pandemic, MFAT’s network of Posts is monitoring the operation of New Zealand’s international sea and air freight connectivity. This report provides a snapshot of how global supply chains are functioning offshore, significant international initiatives affecting supply chains, and other issues of interest to New Zealand exporters and importers.

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International Developments

- The Australian Federal Government has requested their Productivity Commission to undertake an independent review into supply chain vulnerabilities and risks. This is the latest in a series of steps Australia has taken to understand and strengthen its supply chains.
 - The Biden Administration has announced through [its new strategy](#) to fight COVID-19 an [Executive Order](#) on supply chain sustainability aiming to address shortages in the United States’ public health supply chains, particularly for PPE and medical supplies. These measures to mitigate shortages include the expansion of domestic manufacturing and invoking the Defence Production Act.
 - Momentum is growing within the European Union to make companies legally responsible for violations of labour and environmental standards in their supply chains. This started with national-level due diligence laws in France and the Netherlands. Germany, used its six-month presidency of the European Council to get governments to support in principle an EU-wide legal framework. United Kingdom Foreign Secretary, Dominic Raab, has announced similar measures designed to ensure that private organisations are not complicit in, nor profiting from, human rights abuses.
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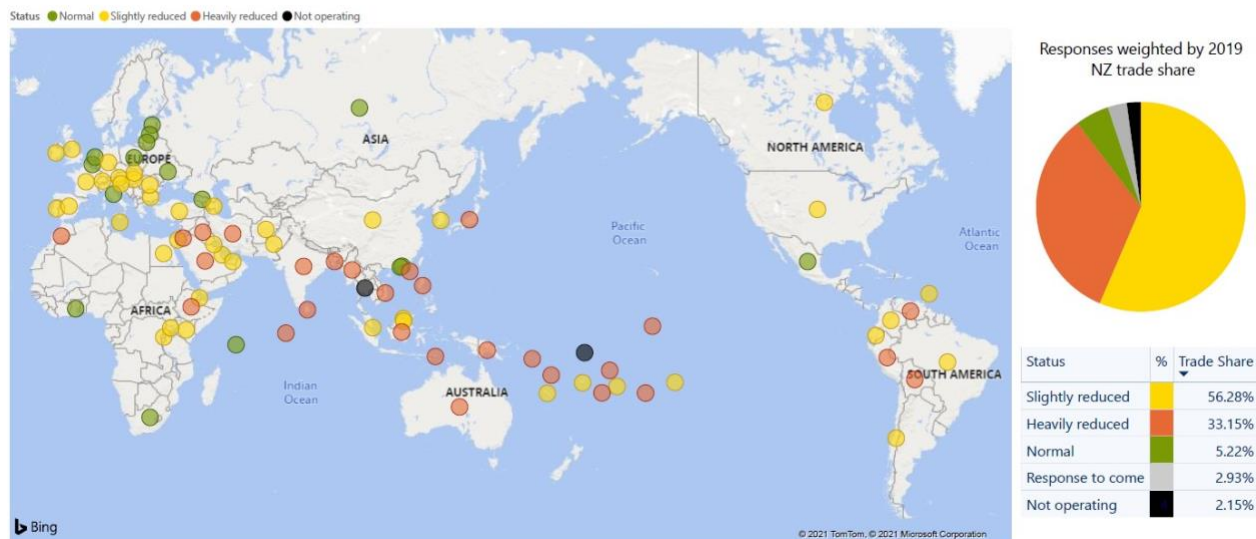
Availability of Air Freight

Data source: COVID-19 Post Data Tracker updated on 14 February 2021



Functionality of Air Ports and Availability of Air Freight

Data source COVID-19 Post Data tracker updated on 14/2/2021



- The airports we monitor are still well below normal pre COVID-19 functionality with almost 90% operating at reduced levels.
- The Government has agreed to extend the International Airfreight Capacity (IAFC) Scheme to the end of April 2021. Phase 2 of the IAFC Scheme was originally scheduled to operate until the end of March 2021. The one month extension gives businesses certainty as the government reviews New Zealand's international air connectivity needs during the COVID-19 recovery and whether or not the government should have a role into the future.
- Air New Zealand, Cathay Pacific, China Airlines, China Southern, Emirates and Malaysia Airlines are expected to continue to provide services under the IAFC Phase 2 extension. As well as the flights supported by the scheme a number of airlines continue to operate airfreight services independent of the scheme: Qantas, Singapore Airlines, China Eastern, Qatar, Air Canada, United, Fiji Airways in addition to a number of dedicated freighter services (mostly trans-Tasman).
- The International Civil Aviation Organisation reports that the previous 4th quarter 2020 recovery in air cargo capacity softened slightly due to a winter resurgence of COVID-19, though the high volume of online sales on Black Friday and Singles Day propped up demand.
- The New Zealand Embassy in Dublin reports that the number of air passengers passing through the main Irish airports fell by 74.5% for the first nine months of 2020. The amount of air freight handled fell by 15.4% in the third quarter of 2020 compared to the same time in 2019.
- Similarly, Hong Kong International Airport reported drops in passenger volume over the course of 2020, though freight cargo levels remained steady.
- Timor-Leste is experiencing ongoing delays to its air freight connections. The New Zealand Embassy in Dili is reporting delays of up to seven weeks for couriered parcels to arrive from New Zealand, and continued delays in medical supplies arriving from Darwin.

Availability of Sea Freight

- According to DHL Global Forwarding the 1st quarter 2021 is seeing strong demand from Asia continue and freight rates at historically high levels. Schedule reliability is at an all-time low with close to 50% of container vessels arriving off schedule. DHL see no signs of a softening market in Q1 and predicts ongoing supply chain disruption.
 - Global disruption to sea freight continues to cause congestion and delays at New Zealand ports. Shipping lines have been deploying additional “sweeper” vessels to evacuate empty containers out of Ports of Auckland (POAL) to other parts of the country. Maersk, the world’s biggest container shipping line, says it has dropped 50% of its normal ship calls to POAL and expects New Zealand’s congestion problems will continue until June.
 - Severe congestion has been reported at Yantian International Container Terminal (YICT) in Guangdong Province, China, due to delays with vessel berthing and factory to port congestion. This congestion is expected to ease slightly following the February Chinese New Year celebrations.
 - Australian ports are still being affected by threats of industrial action, with the Port of Melbourne narrowly avoiding strike action in mid-February 2021.
 - Winter conditions in Europe have slowed down rail and trucking movements adding to congestion at European ports. Some New Zealand exports bound for Europe are being delayed when being transhipped through Asian Ports.
 - Outbreaks of COVID-19 amongst port workers and the side-lining of further workers to prevent potential exposures is prolonging congestion at the Ports of Los Angeles and Long Beach. New Zealand exporters are reporting ongoing severe supply chain delays, including container ships carrying exports being anchored in harbour for two weeks before gaining a berth and up to 30 day delays getting goods out of the port. US marine regulator the Federal Maritime Commission is shortly set to publish results of an investigation into pricing set by shipping lines on de-hiring practices at ports.
 - A COVID-19 induced shortage of shipping containers is disrupting cargo transport to and from Indonesia, companies operating in the country expect further disruptions to their supply chains during the upcoming April-May Ramadan holiday period. Imports usually surge around the holiday, and the container shortage compounded with increased traffic at Indonesia's ports could pose a challenge for logistics providers.
 - The New Zealand Embassy in Buenos Aires has reported historic falls in water levels of the Paraná River in central South America due to a lack of rain. This has reduced ship loads and slowed the transportation of agricultural exports out of Argentina. The Embassy also reports that ongoing congestion at the port of Nueva Palmira in Uruguay is slowing the flow of Uruguayan agricultural exports.
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External links

- The following links may provide useful information to businesses:

More reports

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