

To ensure New Zealand's global supply chain linkages 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 international supply chains are functioning, significant international actions supporting supply chains, and other issues of interest to New Zealand exporters and importers.

This Report will be updated on a regular basis.

To provide feedback or information relevant to this report – please contact exports@mfat.net

International Developments

- Global sea freight disruptions have emerged in addition to ongoing air freight challenges.
 - Global maritime supply chains have become congested in recent months causing delays and adding cost to imports and exports. This has been caused by various factors including a surge in global sea freight demand as economic activity recovers from COVID-19 restrictions, air freight capacity constraints and price increases, and recent strike action in Australian and United States ports. The situation has been exacerbated in New Zealand due to delays in Ports of Auckland automation, labour shortages, and constraints on rail capacity between Auckland and Tauranga.
 - UNCTAD estimates in its 12 November [Review of Maritime Transport 2020](#), that global maritime trade will drop by 4.1% in 2020 before returning to positive territory in 2021. The Report highlights the need for the maritime transport industry to brace for change including shifts in supply-chain design and globalization patterns to changes in consumption and spending habits, a growing focus on risk assessment and resilience-building, as well as a heightened global sustainability and low-carbon agenda.
 - Exporters from the United States to New Zealand are reporting delays in outbound containers destined for New Zealand and increased costs due to congestion at major United States ports. Mainfreight reports increased demurrage costs and delays in the unloading, inspection and clearance of containers. A shortage of empty containers and truck chassis capacity and increased freight volume at the Ports at Los Angeles, Long Beach, New York and New Jersey are seen as causing the most acute issues, exacerbating the pressures of seasonal trading peaks and labour shortages caused by illness and COVID-19 precautions.
 - Reports from the Port of Shanghai are also noting a shortage of containers and congestion leading to delays of outbound freight to New Zealand.
 - The New Zealand High Commission in Honiara reports that that mandatory 14-day quarantine for vessels is detrimentally affecting the ability and willingness of vessels to call on the Solomon Islands.
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Availability of Air Freight

Data source COVID-19 Post Data Tracker updated on 13/12/20



- The Airports we monitor are still well below normal pre COVID-19 functionality with almost 90% operating at reduced levels.
- According to ICAO data world passenger traffic fell by 72.8% year on year in September 2020 (up 2.5 percentage points from the decline in the previous month). All regions posted improvements over recent months except in Europe which was suppressed by the tightened travel restrictions due to the resurgence of outbreaks in the region. Asia/Pacific continued to lead the pace of recovery.
- ICAO freight traffic data (freight, tonne, kilometres – FTK) reported a decline of -8.0% year on year in September 2020 (up 4.6 percentage points from the fall in the previous month). On the whole air cargo showed an expedited recovery with improvements in all regions. Africa and North America, in particular, have returned back to pre-pandemic levels and achieved year on year growth of over 8%, while Latin America/Caribbean are still showing year on year declines of over 20%.
- In September 2020, the Government agreed to extend the International Airfreight Capacity Scheme until the end of March 2021. Ensuring critical freight like medicines can continue to reach New Zealand. Airfreight volumes are currently at 90% of pre-COVID levels with weekly inbound flights fluctuating at around 130.

Availability of Sea Freight

- Our Posts are reporting increased disruption in the functionality of Ports with over 35% of those we monitor disrupted. For more detailed information the World Shipping Council provides in its Global Resources portal a link to Wilhelmsen Ship Services AS's [COVID-19 Global Port Restrictions Map](#). Inchcape Shipping Services are also regularly updating their COVID19 [portal](#) with a list of ports offering crew changes, detailing local conditions and requirements.
- Global port congestion has been exacerbated in New Zealand by factors such as the August death of a port worker at POAL, skilled labour shortages, and constraints on rail capacity between Auckland and the Port of Tauranga.
- According to the World Shipping Council many parts of the world are experiencing back-ups at landside warehouses, shortages of truck drivers, and scheduled deliveries of goods that importers cannot sell are causing cargo owners to leave cargo at the ports. While shipping companies are offering solutions including extended transit times, storage in transit, and other innovative approaches, the World Shipping Council recommends everyone in the supply chain (including Government) should remain focused on keeping cargo moving through the ports.

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