

Substantive updates from last week's report have been shaded red.

Feedback

We welcome feedback from New Zealand exporters on this report as we continue to refine its content. Please direct any suggestions or feedback to exports@mfat.net.

Global Summary

- There are no formal restrictions on market access for the majority of goods exports and imports as a result of COVID-19, but the global pandemic is placing intense pressure on global supply chains and disrupting trade flows. Some countries have placed export restrictions on medical products and some on staple food products, such as rice and wheat. There has also been an increased trend towards 'buy local' campaigns. The **WTO** reported on 23 April that 80 countries and customs territories so far have introduced export prohibitions or restrictions as a result of COVID-19, although some measures have been subsequently rescinded.
- *According to the [CPB World Trade Monitor](#), world trade was 1.4% lower in March compared to February, in line with the declines seen in January and February. The decline in industrial production of 0.2% is also in line with previous months. There are major regional differences in the development of trade and production, with the downturn particularly strong in Europe. Most major economies are expected to enter recession as a result of the COVID-19 pandemic, and the **OECD** estimated in April that the drop in economic output in a country is equivalent to a decline in GDP of 2% for each month that the necessary virus containment measures continue.*

Multilateral trade developments

- The impact of COVID-19 on food security and supply chains, and the role of trade in economic recovery, are being discussed in numerous plurilateral and multilateral fora. New Zealand is actively engaged in such discussions and continues to advocate strongly for maintaining trade flows and upholding the rules-based trading system.
- New Zealand has helped lead initiatives to guard against protectionism and ensure supply chains remain open, including issuing a [Joint Ministerial Statement](#) with Singapore and 9 other countries undertaking to maintain supply chains and connectivity for essential goods, as well as a [Declaration](#) with Singapore which operationalises this objective through the removal of tariffs and other trade barriers on a list of items essential to the COVID-19 response – including medical

supplies. New Zealand has also joined Australia, Canada, South Korea and Singapore in another [Ministerial Statement](#) aiming to ensure the flow of essential goods and services as well as the essential movement of people, and joined Ministerial Statements in the [WTO](#) and [APEC](#) aimed at ensuring trade continues to flow around the globe.

Update on MFAT's supply chains work

- We are continuing to open up the belly hold capacity of repatriation flights for air freight. Inbound flights are supporting the import of critical products and urgent inputs into production supplies for New Zealand companies and outbound flights are providing extra air freight capacity for exporters. Flights can be accessed through NZTE's [myfreight](#) website.
- The Ministry of Transport has announced the International Airfreight Capacity scheme, to maintain air freight links with global markets. Phase 1 adds 56 weekly flights from New Zealand on Air New Zealand, China Airlines, Emirates, Freightways Express, Qantas and Tasman Cargo – with more flights to be added as the scheme expands. A schedule of the flights is listed [here](#).
- The Singapore/New Zealand Air Freight Project (SNAP) is part of ongoing close cooperation with Singapore in response to COVID-19. The schedule of the second SNAP flight is not yet confirmed, but is likely to be sometime in early June.
- In addition to contributing to the short term air freight response, MFAT is involved in an interagency group that is looking at longer term air and sea freight issues.

Regional updates

New Zealand and Australia

- Comparing provisional **New Zealand goods trade data** for the fortnight ended 20 May 2020 with the equivalent fortnight in 2019, total exports to all countries were up 1.0 percent from \$2.49 billion to \$2.52 billion, while total imports from all countries were down 6.7 percent from \$2.44 billion to \$2.28 billion.
- For April 2020 compared with April 2019, provisional **New Zealand goods trade data** indicates that exports to all countries were down 4.0 percent to \$5.3 billion. Dairy exports were up 23.0 percent, while meat, seafood and forestry exports fell 1.0 percent, 29.4 percent and 69.0 percent respectively. Total imports from all countries were down 22.0 percent to \$4 billion.
- The New Zealand High Commission in Canberra publishes regular reporting on significant economic developments and statements in **Australia**. The next update is expected to be released early next week on the [MFAT market reports](#) page.

European Union and United Kingdom

- The **European Commission** has released its 2020 [spring economic forecast](#), finding that the EU has “entered the deepest economic recession in its history” with GDP forecast to contract by about 7.5% in 2020. Reporting by [Eurostat](#) in May found that extra-EU trade in March fell from €252 billion to €228 billion compared with January 2020. A recent report by the New Zealand Embassy in Brussels on the impact of the pandemic on the EU’s economy is published [here](#).
- In addition to the [market measures](#) announced on 22 April, the **European Commission** has now approved various national state aid programmes by a number of member states in response to the COVID-19 crisis. According to Agriculture Commissioner Wojciechowski, programmes already announced total €1.2 billion. This does not include the value of reallocation of existing funds from the Common Agricultural Policy’s rural development fund or National Support Programmes.
- New Zealand goods exports to **Germany** in the first quarter of 2020 increased by 10.6% to \$275 million compared with the same quarter last year. Notably, the value of exports in March increased by more than 15% compared with March last year, largely driven by an increase in meat exports. The impact of COVID-19 has been more immediate in the services sector – particularly tourism – with tourists from Germany down by 15% in the first quarter of 2020.
- The **United Kingdom** and **EU Members** are actively working to ensure continued trade flows. Supply and production issues are being closely monitored, especially in light of temporary local shortages of particular goods, shifts in consumer demand and concerns about labour supply.
- Prime Minister Boris Johnson has released a roadmap for the **UK** to exit its current lockdown. The UK will have a five-tier alert system, with gradual reopening of the country possibly beginning from 1 June. All international arrivals to the UK will be required to undergo a mandatory 14-day self-isolation period under [new quarantine plans](#) unveiled on 22 May.

Americas

- The **US** Department of Agriculture launched a US\$19 billion [Coronavirus Food Assistance Program](#) (CFAP) on 17 April to provide direct support to farmers and ranchers, and to purchase and distribute surplus production. [Further details](#) on **CFAP** were announced on 19 May, including how the US\$16 billion of direct payments will be calculated and split amongst product categories. Initially, 80% of funds claimants are eligible for will be distributed, with remaining available funds to follow.
- The response to COVID-19 has had a major impact on the **US food service** sector. Americans have traditionally spent just over half of their food and beverage dollars annually on eating out, but stay-at-home orders and the shutting of restaurants and schools in many states saw the amount spent on food consumed at home rise to 63 percent in March – a level not seen since 1996. The **US meat** sector has also been particularly hard hit by the impacts of coronavirus, with further information reported separately [here](#).

- Despite the challenges, there are emerging opportunities in the US market, particularly in **E-commerce**, which has surged more than 30 percent from the beginning of March through mid-April compared with the same period last year, according to market research firm Rakuten Intelligence.
- On 5 May, **Canada** announced an initial emergency aid package of CA\$252 million for the **agri-food sector**. Farmers and food processors across Canada have been significantly affected by COVID-19, following the closure of a number of major processing plants, as well as labour shortages and reduced demand from restaurant closures. Reports on the [impact on the Canadian agricultural sector](#) and on [Canada's Dairy Tariff Rates Quota consultation](#) have been published on the MFAT market reports page.
- Despite the pandemic, there has been strong demand for a number of key New Zealand exports in **Canada**. **Wine** sales were up in March – despite the closure of the food services sector – and strong demand continued for **fruit**. The **meat, dairy and machinery** sectors have also experienced sustained demand, however, **tourism** and **transportation** services, which made up 35% of New Zealand exports to Canada in 2019, have been significantly affected.

Middle East and Asia

- The New Zealand Embassy in Abu Dhabi has released a [report](#) focusing on the impact of COVID-19, and identifying market insights and opportunities in the six countries of the Gulf Cooperation Council (**Bahrain, Kuwait, Oman, Qatar, Saudi Arabia** and the **United Arab Emirates**) – collectively, New Zealand's 7th largest trading partner.
- Provisional data from Stats NZ shows that through to 13 May 2020, the value of New Zealand's goods exports to **China** was \$336 million less than the previous year. A recent report by the New Zealand Embassy in Beijing providing an update on economic developments in China has been published [here](#).
- Separate reporting on New Zealand [goods exports to Japan](#) and [Taiwan](#), and an update on the impact of COVID-19 on [New Zealand businesses in South Korea](#), have been published on the MFAT market reports page.

External links

The following links may provide useful information to businesses:

- [NZTE](#) has a website focused on providing COVID-19 information for exporters.
- MFAT offers [exporter assistance](#) at exports@mfat.net or 0800 824 605 and publishes regular [market reports](#) for New Zealand exporters, including this report.
- The Treasury releases a weekly [COVID-19 economic dashboard](#), and Stats NZ has published a new [data portal](#) with near real-time economic indicators.
- Business Insider maintains a list of [Countries on Lockdown](#) and their conditions.

- The International Trade Centre has produced a [Market Access Map](#) of temporary trade measures that have been enacted by governments in relation to COVID-19, and the World Bank has released a [database](#) on trade flows and policies.
- The [University of Oxford](#), [KPMG](#) and the [OECD](#) have published data on government responses to COVID-19.
- McKinsey's [COVID Response Centre](#) has a number of tools to assist businesses' response and recovery from the impacts of COVID-19.

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