

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introduced export prohibitions or restrictions as a result of COVID-19, although some measures have been subsequently rescinded.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 World Food Programme, the broader economic effects of the virus are pushing millions into food poverty, with the number of people in acute food insecurity possibly doubling by the end of 2020 to 265 million.**

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.
- **New Zealand has joined an international port authorities' [global initiative](#) for safe and efficient movement of goods and shipping during the COVID-19 crisis. The 56 port authorities that have signed the international declaration have committed to: safely keeping global supply chains and**

trade going; allowing merchant ships to load and unload; and continuing to adopt best safety practices and share information to combat the virus.

- **New Zealand Federated Farmers** and its Australian, Argentinean, Brazilian and Uruguay counterparts have released a statement **reaffirming the importance of free, fair and open trade** between nations under an international rules-based system in ensuring food security is not compromised in the midst of the COVID-19 pandemic ([link](#)).
- The statement endorses the recent [article](#) from Minister Parker and his Australia, Singapore and the United Kingdom counterparts.

Update on MFAT's supply chains work

- MFAT are continuing to open up the belly hold capacity of repatriation flights of returning New Zealanders 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. We are currently looking to access freight capacity on the Indian Government's repatriation flights throughout June. Flights will be put up on NZTE's [myfreight](#) website as they become available.
- The Ministry of Transport's **International Air Freight Capacity (IAFC) scheme** has been established to help maintain New Zealand's air freight links with global markets. Phase 1 has added 56 weekly flights on Air New Zealand, China Airlines, Emirates, Freightways Express, Qantas and Tasman Cargo. More flights will be added as the scheme expands. In the first instance, exporters should contact their preferred freight forwarder to access the flights. 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 scheme aims to provide a pipeline of essential food supplies to Singapore in exchange for essential supplies, especially medical, to New Zealand. The second SNAP flight will be operated by Singapore Airlines departing for Auckland on 9 June. The subsequent 8 flights will operate on a weekly basis alternating between Air New Zealand and Singapore Airlines.
- MFAT will be publishing some Post **reporting on International Supply Chains**, which will be made available shortly. MFAT remains 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 ending 27 May 2020 with the equivalent fortnight in 2019, total exports to all countries were down 1.3 percent from \$2.63 billion to \$2.60 billion, while total imports from all countries were down 15.0 percent from \$2.49 billion to \$2.12 billion.

- [Treasury](#) estimates that under Alert Level 2, **output** is reduced by 10–15% from normal levels, and by 5–10% under Alert Level 1. In the main Budget forecasts, real GDP is forecast to fall sharply in the June quarter resulting in annual GDP declining from 2.8% growth in the June 2019 year, to a contraction of -4.6% over the June 2020 year, with GDP falling a further 1% by June 2021.
- The New Zealand High Commission in Canberra publishes regular reporting on significant economic developments and statements in **Australia**. An update on significant developments in the fortnight to 29 May has been recently published on the [MFAT market reports](#) page.

European Union and United Kingdom

- On 27 May the **European Commission** presented a modified [proposal](#) for the EU's **next seven-year budget** worth €1.1 trillion, along with a coronavirus recovery fund of €750 billion. This proposal sees a reinforcement of funds available to [support farmers and rural areas](#) as well as the fisheries sector, in recovering and delivering the new "[Farm to Fork](#)" and Biodiversity strategies.
- 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.
- In **Spain** the primary sector continues to respond to the crisis relatively well, although there have been exceptions in the sheep and goat meat, dairy, floriculture and wine sectors. There has been an increase in buy local campaigns and according to latest available data, 7,500 primary sector companies have requested €870 million in state-backed loans to cover short-term liquidity needs since the start of the pandemic.
- 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.

Americas

- 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.

- A [report](#) on the impact of COVID-19 on **US education exports** was released by the New Zealand embassy in Washington. With US institutions likely to continue some form of distance learning in the 2020-21 academic year, students may look to more immersive educational experiences abroad. US universities and students may see New Zealand as a safe and attractive destination for study abroad programmes, given increased media coverage of New Zealand's successful response to the pandemic, relative to other parts of the world. When it is safe to ease travel restrictions, US study abroad programme operators will likely seek extra assurances about educational, safety and well-being measures for their students.
- In April 2020, overall goods exports from New Zealand to **Canada** decreased by 5.75 percent compared to April 2019. But this impact was lessened given higher exports over previous months – in the year to April 2020 good exports to Canada were up by 7.35 percent compared to the year to April 2019. For further information, see a recent market update for Canada, published on the market reports page [here](#).
- Nearly a quarter of **Canadian manufacturers** have pivoted to making personal protective equipment, hand sanitiser and other COVID-19 equipment during the pandemic. While overall manufacturing output has fallen, manufacturers of transportation and energy industry parts in particular have been harder hit than food processors and consumer product plants.
- Despite downward projections for **Brazil's** economy, agriculture exports totalled US\$31.4 billion in the first quarter, a 5.9% increase on the same period last year, with beef and soy exports growing 26% and 28% respectively. China remains the largest importer, taking 38% of all Brazilian agriculture exports. Conversely, export values fell 7.5% in **Chile** during the first quarter and imports also declined 13.3%. Chilean economic output was down 14% in April 2020 (month on month from April 2019) – the worst fall recorded in Chilean history.

Middle East and Asia

- Provisional data from Stats NZ indicates 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](#).
- **Singapore's** Ministry of Trade and Industry has [downgraded](#) Singapore's GDP growth forecast for 2020 down to -7.0% to -4.0%. Despite this projected slowdown, the manufacturing sector is expected to expand with the biomedical manufacturing cluster projected to grow, supported by the production of pharmaceutical and biological products. Among the services sectors, the information and communications sector is also projected to increase given demand for IT and digital solutions.

- Following no cases of domestic transmission in the last seven weeks, **Taiwan** has lifted its ban on exports of surgical face masks and is now actively encouraging and promoting domestic travel. Restrictions around events are set to lift from 7 June.
- In **South Korea, food and beverage, horticulture and honey** from New Zealand businesses are performing well, while **meat** exporters have also showed modest growth as they overcome most supply chain disruptions caused by the virus and the shortage of meat supply in the US. A recent update on the impact of COVID-19 on [New Zealand businesses in South Korea](#) can be found on the MFAT market reports page.
- 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.

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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