

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

### **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, is disrupting trade flows and the wider international economy, and there has been an increased trend towards 'buy local' campaigns.
- Most major economies are expected to enter recession as a result of the COVID-19 pandemic, and the **OECD** has estimated that for each month the necessary containment measures continue, the drop in output is equivalent to a decline in annual GDP growth of up to 2 percentage points.
- The **WTO** has reported 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introduced export prohibitions or restrictions as a result of COVID-19, although some measures have been subsequently rescinded. The products covered vary considerably; most have focused on medical supplies, pharmaceuticals and medical equipment, but others have extended the controls to additional products, such as foodstuffs and toilet paper.

### **Multilateral 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, including the WTO, the UN, the WHO, the FAO, and the OECD. 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's joint initiatives with Singapore are being well-received in trade circles.
- The 21 **APEC** ministers responsible for trade have [committed to work together](#) to keep supply chains and trading links open, particularly in essential goods and services, to help counter the impact of COVID-19. The Minister for Trade and Export Growth, David Parker's press release can be found [here](#).
- New Zealand, Australia, Japan, Singapore, the UK and 37 other **WTO** Members have released a joint ministerial statement in support of the multilateral trading system and of international cooperation in responding to COVID-19. The Members stress that "trade restrictive emergency measures aimed at protecting health, if deemed necessary, shall be targeted, proportionate, transparent and temporary, not create unnecessary barriers to trade or disruption to global supply chains, and be consistent with WTO rules", and pledged to lift any such measures as soon as possible.
- New Zealand and 24 other **WTO** members (including Australia, Brazil, EU, UK, Japan and US) have also [issued a statement](#) pointing to the need for consistency with WTO rules, and

calling for open and predictable trade in agricultural and food products in response to COVID-19.

- Trade Ministers in New Zealand, Republic of Korea, Singapore, Australia and Canada have signed a [Joint Ministerial Statement](#) on action plans to facilitate the flow of goods and services as well as the essential movement of people, as and when public health priorities permit.
- **The United Arab Emirates has joined the [Joint Statement](#) between New Zealand and Singapore, and now nine other countries on Ensuring Supply Chain Connectivity.**

### 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 current focus is on Auckland-Hong Kong-London flights chartered by the UK Government to take UK citizens in New Zealand back to the UK.
- On 2 May the Ministry of Transport 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 arrangement is part of ongoing close cooperation with Singapore in response to COVID-19. The schedule of the second charter flight has not been confirmed, but is likely to be some time towards the end of May.
- 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

*The New Zealand High Commission, Canberra, provides a weekly overview of significant economic developments and statements in **Australia**. These updates are published weekly on the [MFAT market reports](#) page at <http://www.mfat.govt.nz/market-reports>.*

- Comparing [provisional New Zealand goods trade data](#) for April 2020 with April 2019, total exports to all countries were down 2.6 percent (\$141 million) to \$5.3 billion. Dairy and meat exports were up 25.8 percent and 0.8 percent respectively, while seafood and forestry exports fell 30.9 percent and 68.7 percent respectively. Total imports from all countries were down 21.6 percent (\$1.1 billion) to \$4.0 billion.

- Prime Ministers Ardern and Morrison have released a statement on their commitment to a **trans-Tasman travel zone** as soon as it is safe to do so. The Australia New Zealand Leadership Forum has announced the formation of the “Trans-Tasman Safe Border Group”, which will involve public and private sector experts working together to produce recommendations for new safe border processing.
- **Australia’s National Cabinet has agreed a [three-step plan](#) to remove baseline restrictions and bring Australia back to a “COVID-safe economy” by July this year.**

#### 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% and rebound by only 6% in 2021. This leaves the EU economy’s GDP about 3% lower than previously expected.**
- The **European Commission** has adopted additional [exceptional measures](#) to support agricultural and food markets, through granting private storage aid for **dairy** products (skimmed milk powder, butter, cheese (€30 million)) and **meat** (beef (€26 million), sheep and goat meat (€20 million)), introducing greater flexibility in the implementation of market support programmes for the **fruit and vegetables, olive oil, apiculture and wine sectors**, and a temporary derogation from EU competition rules.
- The **Spanish** primary sector is generally holding up well, although particular concerns continue to revolve around **sheep, goats, beef, and poultry**. **Poultry** farmers have been vocal about the need for the EU to control third-country imports and are requesting national and EU funding to support the sector. Spain will also allocate €10 million to compensate **sheep** and **goat** farmers for coronavirus-induced difficulties.
- 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:
  - Despite there being no issues with overall supply, producers are facing challenges in specific areas, including **fish, milk and seeds**. While the situation for fish mobility appears to be improving with the resumption of numerous small-scale fishing boats, milk dumping continues to be an issue.
  - There has been a shift in demand from high value/food service products to more basic/retail products. For **dairy**, this has led to an increased demand for health and well-being products, particularly whey protein (seeing 200%+ growth), and demand for retail cheese and long life milk has increased.
  - **Packaging** for retail sales (for products previously sold in bulk) remains an issue for both agricultural producers and food manufacturers, with not all producers able to quickly switch manufacturing processes to meet retail requirements.
  - **Air freight** remains down, and in the **UK**, it is estimated that there is a 20-25% reduction. The European Commission has asked **EU Members** to exempt cargo flights

from their national restrictions on aviation, and to implement a series of operational measures aimed to reduce costs and barriers for the duration of the pandemic.

- Overall, and compared to many earlier predictions, there appears to be only a marginal impact to the main agricultural supply chains.

#### Americas

- The **US** Department of Agriculture has launched a US\$19 billion [Coronavirus Food Assistance Program](#) to compensate farmers for losses incurred (US\$16 billion) and to purchase farmers' surplus production for food banks (US\$3 billion). The main beneficiaries are reported to be farmers of cattle, dairy and hog livestock (US\$9.6 billion), of row crops such as corn and soybeans (US\$3.9 billion) and of speciality crops such as fruits and vegetables (US\$2.1 billion). **President Trump has announced that the US\$3 billion purchase of surplus agricultural products from American farmers will start early this week.**
- The **US meat** sector has been hard hit by the impacts of coronavirus, with loss of food service channels followed by plant closures causing interrupted supply chains, low farm gate prices, supply-demand imbalances, forecast meat shortages and rising consumer prices. Further information on the impact on the US meat sector is reported separately [here](#).
- **Canada** has announced an initial emergency aid package of CA\$252 million for the **agri-food sector**. This includes CA\$77 million to support safe working environments for those in food processing, CA\$125 million to the AgriRecovery fund to assist cattle and hog producers that are holding animals for longer, and a fund of CA\$50 million to purchase surplus food. **Dairy** is also expecting further support to be announced, likely to be in the form of storage.
- **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. Further information on the impact on the Canadian agricultural sector is reported separately [here](#).

#### Asia and Middle East

- The sharp increase in freight flights into **China's** Shanghai Pudong Airport is producing congestion issues, preventing some orderly clearance/loading of cargo and leading to schedule disruptions.
- Demand remains strong for dairy and horticulture products in **Japan**, which make up a third of New Zealand's exports, while the impact on meat has been varied, and fisheries exports have been down.
- **Expo Dubai 2020** has been [postponed](#) by one year. The new dates for the World Expo will be 1 October 2021 – 31 March 2022.
- On **lockdown measures**, **India's** lockdown remains in place until 18 May, **but some states**, including New Delhi, are looking to relax restrictions in an effort to stimulate economic growth. **Indonesia's** containment measures will remain in place until 22 May for Jakarta, and for over 20 other cities until the end of May; and **Japan's** nationwide COVID-19 State of Emergency, will be extended until (at least) 31 May.

## 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](mailto:exports@mfat.net) or 0800 824 605 and publishes regular [market reports](#) for New Zealand exporters, including this report. Recent publications include:
  - [The Impact of COVID-19 on the US Meat Sector](#)
  - [The Impact of COVID-19 on the Canadian Agricultural Sector](#)
  - [Update on Economic Developments in Australia - Week ending 8 May](#)
  - [South Korea: The Impact of COVID-19 on NZ Exporters](#)
- 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.

## Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.