

## **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 recently 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introduced export prohibitions or restrictions as a result of COVID-19, although some measures have been subsequently rescinded.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 the 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.
- New Zealand and 24 other WTO members (including Australia, Brazil, EU, UK, Japan and US) have [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.

## **Update on MFAT’s supply chains work**

- We have been working 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, and further connections into South America are being looked into.
- On 2 May the Ministry of Transport announced the International Airfreight Capacity scheme, which adds some capacity to maintain trade links with global markets, to enable essential imports such as medical supplies and for high value export cargo.
- 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 during mid-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

- After holding up through February and March, total **New Zealand goods exports and imports** were down 24% and 13% respectively for the first three weeks of April compared with the same period in 2019. Weak non-food manufacturing and forestry exports accounted for over half of the decline in exports.
- 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.
- In light of promising results in containing the virus over the last month, Prime Minister Morrison has announced that Cabinet's consideration of easing social and business restrictions in **Australia** would be brought forward to Friday, 8 May.
- **Australian manufacturers** will receive \$48.3 million in federal funding to modernise their operations and create 2,600 new jobs in the face of the coronavirus pandemic.

### European Union and United Kingdom

- Eurostat's preliminary flash estimate for the first quarter of 2020 shows seasonally adjusted **GDP in the euro area decreased by 3.8% and by 3.5% in the EU**, in the sharpest declines observed since the time series started in 1995.

- The **European Central Bank** has outlined [alternative scenarios](#) for the impact of COVID-19 on economic activity in the euro area in 2020, which show real GDP plummeting by around 5%, 8% and 12% under the mild, medium and severe scenarios respectively.
- 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.

- On **lockdown measures**, a staged relaxation of measures for businesses is set to occur in **Belgium** and **Italy** from 4 May and in **France** and **Spain** from 11 May.

### 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 issued an executive order for **US** meat-processing factories to remain open. This follows warnings of shortages for consumers (e.g. from Tyson Foods, the largest **US** meat company, which has indicated that meat supply will remain constrained due to COVID-19 despite the executive order); with COVID-19 spreading to refrigerated packing plants. Reports suggest that almost one third of US pork processing capacity and 14 percent of beef capacity is offline.
- Cold storage services in **Los Angeles** are reporting that they still have capacity to service the Port, with some providers able to service new business, and a new facility opening on 8 May that will provide some 42,000 new pallet positions of capacity.

### Asia

- **Viet Nam's** ports remain accessible with no reported border clearance delays; however air freight to Viet Nam has been significantly curtailed. Figures from January and February show that exports from New Zealand to Viet Nam during this period were \$158 million, \$11 million more than the same months in 2019.
- 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 were down. Provisional data from Stats New Zealand indicates that goods exports to Japan in March 2020 increased by 22% compared to that month last year.
- On **lockdown measures**, **India** has announced that its lockdown will be extended until 18 May, and both **Indonesia's** containment measures 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 also publishes regular [market reports](#) for New Zealand exporters and offers [exporter assistance](#).

- 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.
- The [University of Oxford](#), [KPMG](#) and the [OECD](#) have published data on government responses to COVID-19.

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