

## Feedback

We welcome feedback from New Zealand exporters on this report and invite requests for reporting from New Zealand's [network of Embassies and High Commissions](#). If you would like to be added to the weekly distribution list for this report, please also email us at [exports@mfat.net](mailto:exports@mfat.net).

## Domestic Updates

- **New Zealand's total two-way trade** in the **year to September 2021** has fallen by 2%, compared to the same period last year. Total **exports** declined 9% while total imports increased 6%. New Zealand's export decline remains primarily attributable to constrained services exports, which have fallen by 39% to \$13.6 billion, whilst goods exports experienced modest growth through 2021, up 2% to \$61.5 billion. The increase in goods exports have come about through strong global prices for several primary products, resulting in New Zealand's merchandise terms of trade reaching a record high in the September quarter. Export volumes, meanwhile, have remained fairly stable. The increase in **imports** reflects both strong domestic consumer demand and the recovery in investment by businesses, as well as supply chain issues, which have contributed to higher import prices. This has contributed in New Zealand to high consumer price inflation, with prices up 4.9% from a year ago, the highest inflation has been in over 10 years.
- The **COVID-19 Protection Framework (Traffic Light System)** is in place for all of Aotearoa. Settings for all of New Zealand can be found [here](#). Guidance for what this means for businesses can be found [here](#).

## Global & Multilateral Updates

- The **Regional Comprehensive Economic Partnership (RCEP) Legislation Act 2021** and secondary legislation **will come into effect on 1 January 2022, enabling RCEP to enter into force** between Aotearoa New Zealand and six ASEAN States (Brunei Darussalam, Cambodia, Lao PDR, Singapore, Thailand and Viet Nam) and three non-ASEAN States (Australia, China and Japan). The **Republic of Korea** has also now ratified RCEP, and will become part of the agreement a month later from 1 February 2022.

## Regional Updates

### Australia and the Pacific

- If treated as a single market **the Pacific** ranks as **New Zealand's 7<sup>th</sup> highest export value market and 28<sup>th</sup> for highest import value**. It is also New Zealand's third largest market for machinery, iron and steel and electrical machinery. Statistics NZ data for the year to June 2021 showed that **New Zealand's total exports to the Pacific region** declined by 30%, falling from NZ\$2.1 billion in 2019 (Pre-COVID) to NZ\$1.52 billion. Exports to Fiji, Papua New Guinea and French Polynesia represent over 50% of this total.
- **New Zealand's imports from the Pacific** dropped by 73% to NZ\$0.3 billion, down from NZ\$1.16 billion prior to the pandemic. Whilst the decline in trade on both sides can largely be attributed to the pandemic's impact on the tourism sector, New Zealand's exports and imports of services to the Pacific were well balanced before the pandemic at around NZ\$1 billion, and have declined at equal rates.
- **Trade in goods with the Pacific** have **held up relatively well since the onset of the pandemic** with goods imported from the Pacific through **Auckland** growing by 3%, from NZ\$107 million to NZ\$110 million. However, the **cumulative impact of multiple lockdowns and uncertainty over a range of critical aspects of the supply chain** are starting to have an impact. New Zealand Statistics data showed that there was a 13% drop in New Zealand exports to the Pacific via Auckland, falling from approximately NZ\$1.1 billion to NZ\$980 million (year ended June 2021). Auckland plays a particularly critical role in Pacific supply chains and nearly all goods traded between Cook Islands, Niue and New Zealand moves through Auckland's Port (including significant food stocks).

- Following the World Health Organisation's decision to name the COVID-19 Omicron a 'variant of concern,' **Sāmoa** has issued a **new travel advisory**, which took effect from 30 November. The new advisory **bans all travellers from entering Sāmoa if they come from or transit through nine southern African countries** – South Africa, Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, Seychelles and Zimbabwe. It also bans travellers originating from or transiting through Great Britain, Belgium and Germany. The new advisory also requests travelers coming from so-called countries of concern with the Omicron variant – including Israel, Hong Kong and Australia – to submit all documentation to Sāmoa's Ministry of Health (SMOH) 24 hours before travel.
- **Sāmoa** has separately issued a **revised travel advisory for travelers from American Sāmoa**, which confirms that all passengers travelling from outside of the territory must spend 21 days or more in American Sāmoa post quarantine before traveling to Sāmoa. The new advisory came into effect on 25 November.

#### Asia

- On 24 November, the **New Zealand-China Council** publicly launched its '[Southern Link: Developing a Global Value Chain](#)' report. The report was completed by the New Zealand Institute of Economic Research, with some financial support from MFAT. The report provides a **preliminary estimate of the potential value to New Zealand of a proposed Southern Link trade route**, which would place New Zealand at the centre of an e-commerce global value chain between the Asian and South American markets. Government agencies have had some engagement with the Council about the concept, and look forward to learning more about the extent of business interest in the idea.
- On 28 November, **South Korea stopped issuing visas to arrivals from eight African nations** (South Africa, Botswana, Zimbabwe, Namibia, Lesotho, Eswatini, Mozambique and Malawi) and categorised the countries as high risk. From 3 December, for initial period of two weeks, all incoming travellers will be required to complete ten days of quarantine, regardless of their vaccination status. Korean nationals and those with long-term visas will be able to quarantine at home, while short-term visitors will have to quarantine at a government run facility. A **quarantine exemption** is in place for arrivals from **Saipan** and **Singapore** due to their bilateral travel bubble agreements.
- In response to the Omicron variant, **the Philippines suspended its plan to re-open borders to fully vaccinated tourists** (including those from green list and visa-exempt countries) from 1 December. All travellers from green list countries are required to follow yellow list requirements, which impose mandatory quarantine. Prohibiting travel from Austria, Belgium, Botswana, Czech Republic, Eswatini, Hungary, Italy, Lesotho, Mozambique, Namibia, Netherlands, South Africa, Switzerland, and Zimbabwe. These countries have been placed on the red list, which only allows entry for Filipinos on government-organised repatriation flights. New Zealand is on the yellow list.
- The **Government of Timor-Leste** is **planning to allow commercial flights to resume** operations with the end of the State of Emergency on 28 November. Qantas has already signalled its intent to start regular flights to Australia (currently to Sydney, but likely to revert to Darwin in due course). Operators flying charter services on the Dili - Kuala Lumpur route (Air Timor, Citilink and Malindo) are also looking to fly commercially. The Government last month signed an Air Services Agreement with United Arab Emirates. There is no indication yet of resuming the previously very popular Bali – Dili link.

#### Europe

- In response to the spread of the Omicron variant, **France** has announced that **all travellers arriving from outside the EU will be required to present a negative Covid-19 test result** – within 48 hours for vaccinated travellers and within 24 hours for non-vaccinated travellers, effective immediately.
- The **new German coalition government** - comprising the Social Democrats (SPD), Greens and liberal Free Democrats - was sworn in this week with Olaf Scholz (SPD) elected as Chancellor. The Coalition Agreement **signals a profound economic and industrial transformation** as part of the "central task" of **bringing Germany onto a 1.5°C pathway**, with sustainability mainstreamed across all policy areas and the Economy, Energy and Climate Protection portfolios bundled into a single "super ministry". The Agreement places a high priority on both the expansion of **renewable energies** and the domestic production of **green hydrogen**. It also expresses a desire for a more assertive trade policy, including "effective sustainability standards using a dispute settlement mechanism" in future European Union Free Trade Agreements (including with New Zealand).

#### Americas

- **Minister for Trade and Export Growth Damien O'Connor** travelled to **Singapore** in the week of 14
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November to discuss the **US' proposed Indo-Pacific Economic Framework** with **US** Secretary of Commerce Gina Raimondo and Ministers from Singapore and **Australia**. A readout from the meeting can be found [here](#).

- On 28 November, authorities announced that the **Chilean border** would be **closed to all non-residents who had been in Africa, Zimbabwe, Namibia, Botswana, Lesotho, Eswatini, and Mozambique** – countries Chile receives very little travel from – in the last 14 days. Chilean citizens or residents travelling from affected countries will need to take a PCR test upon arrival and self-isolate for seven days, irrespective of their vaccination status and the receipt of a negative result. Other changes announced in mid-November remain in force, although the **reopening of select land border crossings** with **Peru** and **Bolivia** will be **delayed indefinitely** and reassessed on 15 December.

## Market reports released this week

- The previous global economic round-up can be found [here](#).
- A [Japan: Q3 Economic Update](#) was prepared by the New Zealand Embassy in Tokyo.

## External links

The following links may provide useful information to businesses:

- [NZTE](#) has a website focused on providing COVID-19 information for exporters. They've also launched [myNZTE](#), an interactive digital portal of insights and tools available to all New Zealand exporters.
  - The Treasury releases a [weekly economic update](#) every Friday. Stats NZ has published a [data portal](#) with near real-time economic indicators.
  - MBIE publishes a [sector reports series](#) which provides regularly updated reports on all industry sectors that make up the New Zealand economy. These include official economic data and the challenges and opportunities that face New Zealand's industry sectors.
  - [Business.govt.nz](#) provides tools and advice from across government to save small businesses' time and help make the business a success.
  - MFAT has created a [tariff finder](#) which is designed to help goods exporters and importers maximise benefits from New Zealand's Free Trade Agreements and compare tariffs in 136 other markets.
  - The all of government [Trade Barriers website](#) can be used to register any trade barriers experienced or issues exporting to an offshore market. Queries can be sent via the website or through the MFAT Exporter Helpline 0800 824 605. Enquiries will be sent to the government agency best placed to answer.
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