

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.

Domestic Updates

- In response to ongoing community cases of COVID-19 centred in greater Melbourne, the **Government** [extended a pause on travel from Victoria](#) to New Zealand to at least Thursday 17 June. As of 9 June, travellers can return from Melbourne on 'green' flights if they meet eligibility criteria, have a negative pre-departure test within 72 hours of departure, have completed travel and health declarations and have not visited a location of interest. Travellers are responsible for covering the costs of these flights. They will not need to enter MIQ or undertake self-isolation on arrival. Additionally, travellers who have been in a location of interest in **Victoria, Queensland or New South Wales** cannot travel to New Zealand within 14 days of exposure. As at 9 June, Consular staff have managed approximately 230 enquiries relating to the travel pause and there are currently 424 active SafeTravel registrants in Victoria.

Global & Multilateral Updates

- The **Organisation for Economic Cooperation and Development (OECD)** released its [latest Global Economic Outlook](#) on 31 May. The **world economy** is projected to return to pre-pandemic activity levels earlier than expected, primarily due to the speed of the vaccine rollout in advanced economies. It will, however, remain short of what was expected prior to the pandemic at the end of 2022. The OECD forecasts **global growth rates** to be 5.8% in 2021 and 4.4% in 2022. There remains **significant concern regarding the uneven distribution of vaccines** between advanced, emerging and low-income economies. OECD forecasts suggest that 2022 global GDP growth will be twice as high (~6%) if global vaccination efforts and effectiveness increase significantly from the status quo. **New Zealand's economic performance** relative to other OECD economies remains strong. Our GDP contraction in 2020 (1.1%) was among the smallest in the OECD, and although New Zealand's growth in 2021 (3.5%) and 2022 (3.8%) is not expected to be among the strongest in the OECD, this partly reflects the relatively small contraction in 2020.
- On 5 June, **G7 Finance Ministers** (US, Japan, Germany, France, UK, Italy, Canada) reached a **historic agreement in taxing multinationals**, boosting momentum in global discussions to update the international tax framework. Ministers agreed to reallocate greater taxing rights to countries where companies make their sales (covering at least 20% of company profits exceeding a 10% margin), which would apply to the world's largest, most profitable companies. Ministers also supported a global minimum rate of at least 15% on a country by country basis, aimed at addressing the race to the bottom on tax rates. These outcomes are a significant starting point for more detailed G20 formal negotiations in July.
- **Prime Minister Jacinda Ardern** spoke at the "[APEC \(Asia-Pacific Economic Cooperation\) 2021 LIVE with Business](#)" event in Auckland on 10 June, outlining for a business audience how New Zealand is using [APEC](#) to support the COVID-19 recovery and lay the foundations for a better future. The event previewed the APEC 2021 CEO Summit, one of the Asia-Pacific's premier business forums, which will be held on 11-12 November. For the first time ever the CEO Summit will be hosted as a hybrid event, where attendees in Auckland will join virtual participants from around the world in a rolling format. The APEC 2021 CEO Summit will be preceded by a five-part APEC 2021 LIVE with Business series of live/online panels, starting in August, with discussions focusing on recovering sustainably, food safety, renewable energy transfer, inclusive business and the digital future of work. For further details on the CEO Summit see [APEC 2021 NZ: APEC CEO Summit](#).

Regional Updates

Asia

- **Yantian port in Shenzhen** has been **impacted by ongoing COVID-19 restrictions** as a result of an **outbreak** at the port and neighbouring area. The port closed last week as all port workers were required to be tested and self-isolate. The port has reopened but is now operating at 30% capacity; container processing has been reduced from 20,000 containers per day to around 5,000 containers per day. **Operations appear to be gradually restarting** with an expectation that the port will be back to full operations by the end of the month, barring any further outbreaks in that area. The congestion around the port is likely to last several weeks and has pushed up container prices significantly. While most **New Zealand imports** into Shenzhen go through Shekou port, rather than Yantian, all surrounding ports (Shekou, Nansha, Huangpu and Hong Kong) will be busier due to diversions from Yantian. The Consulate-Generate in Guangzhou is in contact with New Zealand businesses.
- A **mid-year review** on the **implementation of New Zealand's fully paperless electronic certification with the Philippines** Department of Agriculture showed success despite minor issues which have since been resolved. The Philippines plans to add horticulture products into the system before the year ends.
- The **Philippines** continued its **fifth quarter of negative growth** but commits to an ambitious 10.1% growth over the next three quarters in order to reach its target of 6.5% annual growth by the end of 2021. Growth continued to be affected by the re-imposition of stricter lockdowns due to increased COVID-19 risks and delays in fully opening the economy. There were some bright spots in terms of export growth and drop in unemployment figures. While the Philippines' economic performance created some problems for **New Zealand companies** in food and retail, other New Zealand businesses have grown and opportunities for expansion to the Philippines continue to be explored.
- **Singapore's economy** continues to **recover** from the lows of 2020 (with 4% - 6% growth forecast for 2021), powered by the trade-driven manufacturing sector and by financial services. The recovery, is not universal however. Some sectors, such as construction and food and beverage services continue to be affected by pandemic-related restrictions and regional pandemic developments.
- The severity of **India's second wave** and uncertainty around lockdowns have clouded the **outlook on economic recovery**. Most analysts have downgraded their estimates for India's economic growth (to the 9-10% range for 2021-22), citing the impact of lockdowns and the pace of vaccinations. However, **trade remains largely resilient**. A revival in global demand has firmed up export growth. Merchandise exports grew by 196% year-on-year in April 2021, driven mainly by a favourable base. However, export performance when compared to pre-pandemic levels has still grown by 18% from April 2019 to April 2021. Imports increased by 167% year-on-year and 7.2% from 2019 levels.

Europe

- **New Zealand and Spanish Prime Ministers** held a **1 hour "Virtual Summit"** on Wednesday 1 June. The leaders adopted a [joint declaration](#) on the relationship and launched a "values partnership" agreeing to advocate together on issues like abolishing the death penalty, COVID vaccines and women's political participation. The Summit also agreed cooperation on Antarctica, sea birds conservation and sport.
- A Go Central Eastern Europe Seminar is being held at the New Zealand Trade & Enterprise Auckland office on 21 June. The event aim is provide information on the potential of the Central and Eastern Europe (CEE) market and networking opportunities with CEE exporters. Further information and registration details can be found [here](#).

Americas

- On 2 June the **US announced** it will **delay imposing retaliatory tariffs** on US\$2 billion worth of goods from six countries (**Austria, India, Italy, Spain, Turkey, UK**) for 180 days following investigations into the unilateral **Digital Services Taxes** they have adopted. The delay allows time for OECD negotiations on a multilateral solution through the OECD/G20 Inclusive Framework to continue, while maintaining the tariff option "if warranted in the future."
 - Reporting released today from **World Trade Center Los Angeles** shows the **impact of the pandemic on foreign direct investment (FDI) in California**. While California still leads among states in FDI, 2020 saw 27,461 less California residents employed by foreign-owned establishments than in 2019 and 267 less firms. By industry, retail trade had the greatest year-over-year growth with 9,500 jobs and 460 firms added in California, as financial activities, information and wholesale trade all suffered significant losses.
 - In a media briefing on 31 May, **Canadian Prime Minister Justin Trudeau** said that the **current settings of the US-Canada border for non-essential travel** would need to **remain in place** until case numbers decline across Canada and at least 75% of Canadians have been vaccinated against COVID-19. The border has been closed to non-essential travel since March 2020, and has been extended on a monthly basis, with restrictions in place until at
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least 21 June 2021.

- According to the **Ministry of Finance**, the **Mexican economy** will grow by 6.5% in 2021 and reach pre-pandemic economic levels “sooner than expected”. The OECD has increased Mexico’s economic growth perspectives from 4.5% to 5% in 2021, due to increased exports (especially manufacturing) and the effects of the US economic recovery.
- On 20 May, the **Argentine government** announced a **ban on the export of beef** for the following 30 days in an attempt to curb surging meat prices amid ongoing high inflation in Argentina (4.1 percent in April). This prompted the Mesa de Enlace roundtable representing farmers to declare a **nine-day halt on cow sales** to abattoirs, which was later extended until 2 June. Livestock sector representatives told press that all available stock had already been sent from abattoirs to distributors, and warned that there could be a shortage of meat in the market until the weekend, provided the strike comes to an end on 2 June.
- The **Digital Economy Partnership Agreement (DEPA)** was **ratified in Chile** by the lower chamber by an overwhelming majority - just one vote against and one abstention – and is soon to be voted on in the Senate. Congress members have called the agreement a landmark and a role model in international cooperation.

Middle East and Africa

- For the first time since the outbreak of COVID-19 in **Israel**, **all major COVID-19 restrictions and bans were lifted** on 1 June. The requirement for individuals to wear masks in enclosed public spaces remains in place and restrictions on travellers leaving and arriving in Israel remain.
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Market reports released this week

- The previous global economic and trade update can be found [here](#).
- A report on Germany's ban of several "unfair trading practices" was prepared by the New Zealand Embassy in Berlin, in consultation with NZTE Berlin. It can be found [here](#).
- A German meat production and consumption update was prepared by the New Zealand Embassy in Berlin, in consultation with NZTE Berlin, and can be read [here](#).
- An economic update on the United Arab Emirates was prepared by the New Zealand Embassy in Abu Dhabi and the New Zealand Consulate in Dubai [here](#).
- An update on Expo 2020 Dubai was prepared by the New Zealand Embassy Abu Dhabi and the New Zealand at Expo team in Dubai. It can be found [here](#).

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.
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More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

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