

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

- MFAT has published a discussion paper on the [Productive, Sustainable and Inclusive Trade Channels Framework](#). The framework is an analytical tool for thinking through the often complex channels through which trade impacts on productive, sustainable and inclusive outcomes - how trade affects all New Zealanders, and the environment. It will help guide MFAT's future evaluation of overall trade policy settings, as well as the evaluation of specific trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), bringing a [Trade for All](#) lens to both.

Global & Multilateral Updates

- **Round 5** of the [Agreement on Climate Change, Trade and Sustainability \(ACCTS\)](#) negotiations (initially including New Zealand, Costa Rica, Fiji, Iceland, Norway and Switzerland) concluded on 10 June. All working groups made steady progress, including the Legal and Institutional group, which met for the first time. The list of environmental goods for the liberalisation of tariffs continues to expand, and is currently at 90 items. The goods, services, and eco-labelling groups are discussing chapter text. As Chair, New Zealand has been tasked with creating a draft structure and text for the fossil fuel subsidies. The fossil fuel subsidies chapter will be groundbreaking as the first comprehensive trade chapter to define and develop disciplines on fossil fuel subsidies. Given the long European Summer break, **Round 6** will not take place until mid-August.
- On 1 July, 130 countries and jurisdictions (including New Zealand) agreed in principle to a **OECD-coordinated two pillar plan to reform international taxation rules**. The [joint statement](#) said the plan aims to ensure that large multinational enterprises pay tax where they operate and earn profits, while adding much-needed certainty and stability to the international tax system.

Regional Updates

Australia and the Pacific

- The **Vanuatu** Government is anticipating that the **economy will recover by 5% in 2021**, and then maintain continuous growth averaging 3.9% 2022-2025. The Asia Development Bank forecasts for 2021 are less optimistic at 2%, but it is clear that Vanuatu's economic recovery will only really begin in earnest when borders reopen to tourism. According to the national budget, the tourism sector contracted by 6.4% in 2020 - but accommodation and food services, a better proxy for the tourism sector, contracted by more than 47%. The Government's announcement of a second economic stimulus package earlier this year was widely welcomed, but it is yet to be rolled out. The NZ \$24.6 million (VT 2 billion) package comprises the wage subsidy scheme (funded using

New Zealand's recent NZ \$8.5 million budget support payment), along with small business grants and a special COVID-19 loan facility.

Asia

- **Taiwan** authorities have **extended their alert level 3** for a third time until 12 July (see [here](#)). Case numbers continue to rise but the rate has steadily declined in the past two weeks, from a peak of 535 on 17 May to 88 on 27 June. Taiwan's restrictions on entry of foreign nationals who do not hold an Alien Resident Certificate has also been extended in line with alert level 3 to 12 July. Holders of current courtesy visas may return to Taiwan without a special entry permit. Air New Zealand's return to the market with cargo flights from June and direct passenger flights scheduled to restart on a monthly basis from August has been warmly welcomed in Taiwan and gained good media coverage.
- The **Minister for Trade and Export Growth Hon Damien O'Connor** delivered a **speech** at the **26th International Conference on the Future of Asia Conference** (Nikkei Forum) on 21 May. His speech focused on New Zealand's perspectives on regional economic growth and integration issues in the COVID-era. The audience included political counterparts, a Japanese businesses, and – via media channels – the wider public across Asia. The Nikkei Forum is a high profile annual event run by the Nikkei Group (Japan's largest and most respected economic media outlet, which owns London's Financial Times and Nikkei Asia). It draws together political leaders to discuss key regional economic issues – this year's theme was "shaping the post-COVID era: Asia's role in the global recovery".
- On 14 June, the **Minister for Trade and Export Growth Hon Damien O'Connor** completed a successful **visit to Singapore**, on route to the UK and Europe. He met with counterpart Ministers Gan (trade) and Fu (de facto agriculture), and engaged with New Zealand businesses. The Minister discussed ongoing trade and agriculture cooperation and explored future initiatives, including further Digital Economy Partnership Agreement cooperation, and a potential pathfinder Green Economy Agreement.

Europe

- In June, **Minister for Trade and Export Growth Hon Damien O'Connor visited Europe**, including the UK in what was the first overseas visit by a New Zealand Government Minister since February 2020, to advance ongoing FTA negotiations with the EU and UK.
- Following their meeting in London on the **UK - NZ Free Trade Agreement**, Minister O'Connor and Secretary of State Truss agreed to work towards **reaching agreement in principle in August**. This Ministerial meeting followed the fifth round of negotiations, which ran from 8-16 June and saw four additional chapters substantively concluded and the first engagement with the UK on New Zealand's proposed Indigenous chapter text. A joint webinar was held on 22 June with NZ and UK Chief Negotiators providing a progress update, and answering questions from stakeholders.
- The **European Commission** officially [endorsed Spain's recovery plan](#) on 16 June. The approval is a first step towards unlocking €70 billion in grants under the Recovery and Resilience Facility, over 2021-2026. The plan suggests Spain will direct **40% of expenditure into investments and reforms that support climate objectives**, and **28% towards their digital transition**. Of interest to New Zealand businesses is Spanish focus on projects that improve energy efficiency in buildings, decarbonise industry, reduce energy dependence, and develop new green hydrogen and other renewable technologies. Spain will also look to invest in water and waste management, strengthening protection of its coastal spaces, ecosystems and biodiversity.

Americas

- The **EU-US Summit** marked the beginning of a renewed transatlantic partnership and set a joint agenda for cooperation. The leaders adopted a joint statement and [pledged](#) to work together on preparing for future global health challenges, a sustainable global recovery, protecting the planet, strengthening trade and building a more democratic world.
 - On 22 June, the Governor of the US State of **Hawai'i** announced that additional **COVID-19 restrictions will ease** on 8 July, when the State anticipates it will reach a vaccination rate of 60%. This easing of restrictions includes an
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increase in the number of people allowed to gather to 25 indoors and 75 outdoors. Social establishments will also be able to increase their capacity to 75%.

- As of 5 July, **Canada** will [ease some border restrictions](#), including not mandating 14-day quarantine for those currently permitted to enter Canada who have been fully vaccinated and have tested negative for COVID-19 prior to and on arrival.
- **Female employment** has led the **job recovery in Mexico** this year. In May, job creation was mostly by women, predominantly in services. In the past three months, 63% of the almost two million recovered jobs have been occupied by women. This is likely explained by the reactivation of services in the economy, where most of the female participation in the economy is concentrated. At the onset of the pandemic job losses were predominantly borne by women.
- On 22 June the **Argentine** government announced the **partial re-opening of beef exports** under a new quota system. Those cuts of meat authorised for export will be subject to a monthly quota until 31 August, set at 50% of the 2020 average monthly volume of exports. Twelve cuts will remain reserved for domestic consumption until the end of the year. The government expects that this measure could result in 20-30,000 additional tons of meat for the domestic market.

Middle East and Africa

- The fifth Egypt-New Zealand Foreign Ministry Consultations (FMCs) were held virtually in early June 2021. Delegations exchanged views on a range of issues including defence and security, trade and investment opportunities, human rights, environmental and climate change cooperation, and regional issues. A number of initiatives were proposed to build a more comprehensive trade relationship, with a focus on adding greater value and growing business-to-business engagement.

Market reports released this week

- The previous global economic and trade update can be found [here](#).
- A report on Germany's Supply Chain Due Diligence legislation and New Zealand suppliers was prepared by the New Zealand Embassy in Berlin and can be found [here](#).
- A report on Europe's ambitious economic recovery plans was prepared by the New Zealand Embassy in Brussels [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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