Global economic and trade update for New Zealand businesses

Market Report

May 2021

Feedback

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

Regional Updates

Asia

- In response to a recent surge in COVID-19 cases, authorities in **Taiwan** announced that **as of 19 May, its border is closed to all foreign nationals**. Taiwanese passport holders and resident visa holders would still be able to enter. Transit via Taiwan would also be suspended. These measures will **be in place until 18 June**. The island has imposed additional restrictions to contain the virus.
- Hong Kong has recently updated its border settings, continuing with a system that categorises countries depending on what level of COVID-19 transmission risk they are assessed to present at the border. New Zealand is included in "Group D: Low Risk" alongside Australia, Singapore and China. This means that vaccinated people from Group D places can travel to Hong Kong and are only required to quarantine for seven days on entry (a 14 day quarantine period remains in place for those that are unvaccinated).
- On 14 May, Singapore introduced additional COVID restrictions in an attempt to contain a series of community-based clusters identified throughout the country. The mandatory MIQ period has been extended to 21 days for travellers coming from all countries, with the exception of Australia, Brunei, China, and New Zealand (no MIQ); Hong Kong and Macao (7 days MIQ); and Fiji (14 days MIQ). Taiwan has been removed from the small list of low-risk places. The extended MIQ periods were introduced, to reduce the risk of more COVID variants leaking across the border. The additional measures are expected to remain in place until 13 June.
- The Hong Kong and Singapore governments have also <u>announced</u> that the <u>air travel bubble will be further deferred</u> due to the increase in COVID-19 cases in Singapore. The bubble had been planned to commence on 26 May. A precondition of the arrangement is that the seven-day average must be 5 or fewer unlinked community cases in either Singapore or Hong Kong.

Europe

- On 7 May, the **UK** published the **first iteration of its "traffic light" list for travel**, which applies from 17 May (see here). **New Zealand** is one of 12 jurisdictions designated "green" (as are Singapore and Australia). UK guidance now confirms that for **transit**, a passenger must follow the rules for the "highest risk country or territory you have been in or passed through in the past ten days." If the transit is technical only (i.e. passengers do not disembark during transit, no new passengers board) then the applied traffic light is the originating point. In practical terms, this means that New Zealanders travelling to the UK through Singapore (currently, the most stable and frequently used route) would be able to follow "green" entry requirements (i.e. some pre-departure and on-arrival testing requirements, but no need for self-isolation). The UK government intends to revise the traffic light list on a semi-regular basis; we understand the first review will likely come towards the end of June.
- Ireland's Draft Agri-Food Strategy to 2030, now open for public consultation, includes a headline biogenic methane targets that mirror New Zealand's approach a 10% cut by 2030 and a 24-47% reduction by 2050. The strategy seeks to position Ireland as an international leader in sustainable food systems over the next decade, starting with the UN Food Systems Summit in September 2021.

Americas

- The **US Defense Department** has **agreed to remove Xiaomi Corp. from** <u>a blacklist banning **US investment**</u> in the Chinese tech giant. The decision comes after Xiaomi won a federal lawsuit challenging the blacklisting.
- US Bureau of Labour Statistics data shows that 266,000 jobs were created in the US in April. More than half of those added were in the food service sector with more restaurants and bars reopening. But there are still nearly 3 million jobs fewer jobs in that sector compared to pre-pandemic employment levels and the jobs data overall was below market expectations.
- The Los Angeles creative sector is showing signs of rebounding with all the major productions houses back at work. Film LA has reported that permit applications in Los Angeles increased by 45% in the first few months of 2021 and the total number of "shoot days" (days of permitted production) for the first quarter of 2021 was only down 3% from 2020.
- The Uruguay Ministries of Environment and Livestock have announced the creation of a working committee to study the environmental effects of livestock production processes in Uruguay. The team will be made up of the Minister of the Environment, the Undersecretary of Livestock, Agriculture and Fisheries, along with representatives of the National Meat Institute (INAC), the National Institute of Agricultural Research (INIA) and the National Milk Institute (Inale). According to Environment Minister Adrian Pena, the aim of the committee is to "incorporate the environmental dimension into livestock farming processes."
- Chinese investment in Chilean agriculture is increasing. Local media reports increased interest from China to purchase land in Chile for cherry production and other agricultural products. After Chilean business associations issued statements in 2020 indicating they would seek to diversify export markets (away from China), Chinese investors are increasingly participating in all parts of the supply chain, in particular in the cherry sector where they are buying land and plan to set up their own packing facilities. Chile's investment agency ProChile has reported US\$1 billion of investment in various stages of development from Chinese investors, and increased real estate advertising of Chilean land in China.
- **Demand for Colombia's tourism offer** continues to **increase**, despite the pandemic. At a recent promotional event, the "Colombia Travel Mart", 152 Colombian companies from 17 departments showcased their tourism offer through meetings with 288 entrepreneurs from 34 countries. The sector received over US\$46 million worth of investment to boost tourism activities through the event.

Middle East and Africa

- Egypt is introducing a new 'single window' digital trade data system called Nafeza. The system will increase traceability and enable faster clearing of shipments of New Zealand exports into Egypt. A pilot of the new system is running from April-July 2021. NZ Inc including the New Zealand Embassy in Cairo is working with the Egyptian authorities and New Zealand companies to ensure a smooth transition to the new system.
- In preparation for the lifting of COVID-related travel restrictions on 17 May, Saudi Arabia has announced updated border settings for vaccinated and unvaccinated travellers, including quarantine requirements. Entry requirements depend on the country passengers are arriving from and their vaccination status. From May 20, non-Saudi visitors arriving in the Kingdom from eligible countries by air who are fully vaccinated, or have had COVID-19 and have recovered, will no longer have to spend seven days in hotel quarantine so long as they provide an official vaccination certificate on arrival. Anyone over the age of eight who is not vaccinated must quarantine on arrival for sevel days at their own expense and provide a negative PCR test on their sixth day of their arrival. There is also a requirement for passengers to hold medical insurance that covers the cost of any COVID-19 treatment while in the Kingdom.

Market reports released this week	
•	The previous global economic and trade update can be found here.
•	An Egypt trade and economic update was prepared by the New Zealand Embassy in Cairo and can be found here.

External links

The following links may provide useful information to businesses:

- <u>NZTE</u> has a website focused on providing COVID-19 information for exporters. They've also launched <u>myNZTE</u>, an interactive digital portal of insights and tools available to all New Zealand exporters.
- The Treasury releases a <u>weekly economic update</u> every Friday. Stats NZ has published a <u>data portal</u> with near real-time economic indicators.
- MBIE publishes a <u>sector reports series</u> 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.
- <u>Business.govt.nz</u> provides tools and advice from across government to save small businesses' time and help make the business a success.
- MFAT has created a <u>tariff finder</u> 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.

More reports

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