

Substantive updates from the previous report have been shaded red.

Feedback

We welcome feedback from New Zealand exporters on this report as we continue to refine its content. We also invite requests for reporting from New Zealand's [network of Embassies and High Commissions](#). Please direct any suggestions or feedback to exports@mfat.net.

Global Summary

- The COVID-19 pandemic remains the primary trade and economic issue affecting New Zealand exporters. There continues to be 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 pressure on global supply chains and in places disrupting trade flows. Some countries have placed export restrictions on medical products and some on staple food products, such as rice and wheat. There has also been an increased trend towards 'buy local' campaigns.
- The **WTO** recently published **two reports** relating to the impact of COVID-19 on trade. The [first](#) highlights **how COVID-19-related travel restrictions** have had significant **impacts on trade in goods, tourism and education services**. Services trade is particularly susceptible given it requires physical proximity between producers and consumers. The [second](#) focuses on the pandemic's **impacts on agricultural trade**. While agriculture has been more resilient than other sectors, the repercussions on food supply chains are still unfolding as the pandemic continues.

Regional updates

New Zealand, Australia and Pacific Region

- Exporters and businesses are reminded to keep updated on what New Zealand's COVID-19 Alert Levels mean for their business by visiting the Government's [COVID-19 webpage](#) and [Business.govt.nz](#), which includes information on the COVID-19 wage subsidy extension and other initiatives to support businesses.
- According to annual trade figures, for the **year ended July 2020** New Zealand's goods **exports** rose 2.1%, reaching \$60.22 billion while goods **imports** experienced a 6.4% fall (\$60.34 billion). New Zealand's **largest export and import partner is China**, where exports rose 6.8% from \$15.6 billion to \$16.66 billion over the period August 2019 to July 2020. Imports remained steady growing 0.3% from \$12.93 billion to \$12.96 billion over the period August 2019 to July 2020. All other top 10 **import partners** fell over this period by at least 5%.
- Comparing provisional **New Zealand goods trade data** for the fortnight ending 26 August 2020 with the equivalent fortnight in 2019, total exports to all countries were up 8.05% from \$1.81 billion to \$1.96 billion, while total imports from all countries were down 9.3% from \$2.64 billion to \$2.39 billion.
- A **trade recovery hui** with Māori partners in **Tāmaki Makaurau** was **recently held in Auckland**. The hui provided an opportunity for Māori to hear about and provide feedback on New Zealand's trade recovery strategy, including on the topics of e-commerce and digital trade, indigenous business connections and New Zealand's Free Trade Agreement agenda.

- **Australia** has announced the resumption of its **Seasonal Worker Programme** and the **Pacific Labour Scheme**, subject to labour demand and managed isolation capacity of each of the Australian states. A pilot for **170 workers from Vanuatu** travelling to work the Northern Territory mango industry is expected to commence this week.

European Union and United Kingdom

- The **European Union** and the **United States** have reached an agreement to **reduce tariffs on imports of US lobsters** and a narrow range of **EU manufactured products**, retroactive to 1 August 2020. The EU will eliminate tariffs on US live and frozen lobsters for a five-year period, after which steps will be taken to make the change permanent. In return, the US will drop tariffs by 50% on some EU products such as prepared meals, crystal glassware, propellant powers, cigarette lighters and lighter parts.
- **EU Trade Commissioner Phil Hogan has resigned** attending a Golf Society dinner in Ireland in breach of COVID-19 restrictions. It is unclear yet whether his resignation will lead to a broader reshuffle of Commissioners, and whether Ireland will retain the trade portfolio.
- The **European Commission** has been tasked by the **European Council** to **raise and administer new taxes** to help **repay EU debt** as part of the recently agreed COVID-19 recovery package. Tax policy was previously an exclusively EU Member State competence. EU leaders endorsed a **plastics tax** of €0.80/kg on non-recycled plastic packaging which is set to come into effect from 2021 and a proposal for a Carbon Border Adjustment Mechanism is expected to be published next year. An EU level **digital tax**, a **financial transaction tax**, and proposed extension of the EU's **Emissions Trading System** to cover aviation and maritime transport are also on the cards for coming years.
- A **report on the impact of COVID-19 on agricultural markets in the EU** was prepared by the New Zealand Embassy in Brussels and is published [here](#). The largest immediate effect was on the **demand** side with the shutdown of the hotel and restaurant sector leading to difficulties in redirecting products or production being destroyed. The **supply** side remained resilient, where initial issues of shortages or logistics difficulties were resolved through the creation of green lanes for the movement of agricultural products. However, **restrictions on the movement of agricultural workers** continue to be an issue.
- Forecasts of a significant COVID-19 related drop in **Irish farm incomes** for 2020 seem to have been averted following a gradual recovery in commodity prices and the provision of additional government support to the sector. **Opportunities** remain for **New Zealand Agritech and Agribusiness** to export solutions such as genetics, machinery and digital solutions for Irish farmers, with a **growing trend** of Irish farmers looking to convert to dairy farming. A **full report** by New Zealand Embassy in Dublin on the **impact of COVID-19 on Irish farming** can be found [here](#).
- **Germany and France** have now officially launched **project GAIA-X**, a European **cloud infrastructure and data ecosystem**, with a view to improving Europe's strategic and commercial autonomy. The project aims to address Europe's current reliance in digital infrastructure on a few major non-European corporations. For further information, a report by the New Zealand Embassies in Berlin, Brussels and Paris can be found [here](#).
- Second quarter figures confirm that the **Netherlands economy** has suffered its worst quarter on record, with GDP down 9.3% compared to the same quarter in 2019. While some sectors, such as hospitality, culture and recreation been very impacted, others such as agriculture were barely affected by COVID-19. Consumer spending dropped 11.8% and both imports and exports dropped sharply. An economic update on the Netherlands was prepared by the New Zealand Embassy in The Hague and is published [here](#).

Americas

- The **US** will **reduce the remaining 2020 quota of Brazilian semi-finished steel imports** exempted from additional tariffs. The quotas were agreed to in 2018 to avoid a 25% global steel import tariff imposed under Section 232 of the US Trade Expansion Act (i.e. on grounds of national security). Quotas for other Brazilian-made steel products will remain in place and the two countries will hold further discussions on their bilateral steel trade in December.
 - **US consumer confidence** in August sank to a six-year low in the midst of a resurgence of COVID-19 infections in many parts of the country, and as 27 million workers remained unemployed. The Consumer Confidence Index measure of 84.8 was the lowest level recorded since May 2014.
 - A **WTO dispute settlement** panel largely **upheld Canada's claims** that **US countervailing duties** imposed on **Canadian softwood lumber exports** were inconsistent with global trading rules. The finding could further contribute to trade disagreements between the two sides (including most recently on aluminium) that have persisted despite entry into force of the US-Mexico-Canada Agreement on 1 July 2020.
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- A new action by the **US Commerce Department's Bureau of Export Administration** has imposed **additional restrictions** on Chinese telecommunications firm **Huawei's ability to procure foreign-made semiconductor chips**, further limiting Huawei's access to components developed or produced using US technology. The latest action comes in addition to export control rules put in place in May, which required the company to obtain a special license to purchase chips that incorporate US technology or software.
- Banco de Mexico, the central bank for Latin America's second largest economy has warned that **Mexico's economy could contract by almost 13% in 2020**. In forecasts released on 26 August, the central bank predicts Mexico's economy to shrink by 8.8% this year in a best case scenario, and rebound by 5.6% next year. In a gloomier scenario, growth would be just 1.3% next year.
- The **signing of a Memorandum of Understanding between Argentina and China**, aimed at **boosting Chinese investment in pork production in Argentina**, has been **delayed** until November due to the inclusion of new clauses related to environmental protection and biosecurity. The originally proposed MOU had been met with resistance from Argentine environmentalist and animal rights groups. Chinese and Argentine officials are reportedly working on a framework to install 25 hog farms of about 12,500 sows each to supply China's growing appetite for pork.
- **Frosts**, along with a **severe drought** since June, could **reduce Argentina's corn yields** for the 2020/21 season. An estimated 6.5 million hectares of the crop has been planted, slightly less than the 6.8 million hectares forecasted by the Buenos Aires Grain Exchange. Adverse weather has already negatively impacted wheat crops with 36% of the crop in a "regular/bad" condition and 59% of the area sown in a "regular/dry" condition. In the 2019/20 season, Argentina produced 18.8 million tonnes of wheat.
- **Uruguay has launched** a country-wide **"Uruguay Wools" brand** as a result of joint work by Uruguay XXI (Uruguay's export promotion agency) and the National Strategic Plan for the Sheep Sector (PENRO). The brand will promote the attributes of wool produced and processed in Uruguay, and consumers will now be able to use a QR code to trace products. Uruguay's sheep industry currently generates around US\$320 million annually.

Asia and Middle East

- **China's Ministry of Commerce** has initiated a **countervailing duties investigation** into subsidised **Australian wine imports**. This follows the **anti-dumping investigation** into **Australian wine** announced on 18 August. China is Australia's largest wine market, taking 39% of Australia's wine exports worth A\$1.25 billion. By contrast, China is New Zealand's eighth largest wine export market, but accounts for only 1.4% of New Zealand's total wine exports.
 - A **report** by the New Zealand Embassy in Beijing on the **changing trends in Chinese e-commerce** is available [here](#). The increasing importance of the Chinese e-commerce sector may create more **opportunities for New Zealand businesses**, in particular **SMEs** looking for low-cost options for the Chinese market.
 - **New Zealand goods exports to Japan** in July were 8.3% lower than July 2019 but fared better than the overall 22% drop in Japan's imports from all countries. The **biggest fall** was in **fisheries products** from New Zealand which were 45% lower in July due to the decline in restaurant trade. In the first half of 2020 (January-June) New Zealand goods exports to Japan increased by 10.3% to \$2,063 million, the highest total export value for this period since the previous record in 2001.
 - **Japan will permit re-entry for non-Japanese citizens** holding **residence certificates**, with effect from **1 September**. Applications for re-entry will be capped to ensure arrivals can be managed within Japan's PCR testing capacity. This change benefits those who left Japan after border restrictions were announced on 3 April. To re-enter Japan, residence holders require: Japan's Immigration Services Agency's approval to re-enter Japan before departing; a certificate showing a negative COVID-19 test result within 72 hours of the flight's departure time to Japan; an antigen test on arrival in Japan; and 14 days of self-isolation at home or a hotel.
 - **Taiwan will ease restrictions on US imports of pork and beef** from 1 January 2021. Taiwan will set permissible residue levels of feed additive ractopamine for imported pork, and ease restrictions on beef imports 30 months or older.
 - **Thailand removed its tariff rate quotas for New Zealand onions, onion seeds and potatoes exports**, as agreed under the **Thailand New Zealand Closer Economic Partnership (TNZCEP)**. Concurrently, Thailand introduced **new regulations** which mean that only onions, onion seeds and potatoes exported from New Zealand for processing and production are able to claim the **new tariff rate**. MFAT is continuing to engage with Thailand regarding these new regulations.
 - **Singapore** has announced it will unilaterally **open its border** to New Zealand (and Brunei) from 1 September. Travellers who have resided in New Zealand for 14 days prior to arrival in Singapore will not be required to isolate, or present a pre-approved itinerary. However, a negative COVID-19 test is required before being allowed to leave the airport.
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Travellers will still be required to quarantine on their return to New Zealand. (NB: As at 2 September, the New Zealand Government continues to advise that New Zealanders **do not travel** overseas at this time. New Zealanders who decide to travel despite this strong advice should refer to the SafeTravel website www.safetravel.govt.nz for information on safety and security risks to New Zealanders in their destination and offshore.)

- **Singapore** continues to expand its network of **green lane travel arrangements** (for essential travel by business people and other officials, as well other tailored schemes). See [here](#) for requirements and further information.
- **Indonesian government** has **amended the registration process** for companies seeking to **export non-hazardous waste products** to Indonesia. The new process removes the requirement for companies to present an export permit, which New Zealand does not routinely issue for non-hazardous exports. **Further details** can be found on the [website](#) of the Indonesian Embassy in Wellington. The requirement for companies to register was introduced in 2019 as part of new Indonesian regulations intended to clean up Indonesia's non-hazardous waste industry, and encourage greater exporter accountability.
- **Despite the substantial economic and fiscal impact of COVID-19 on Saudi Arabia, New Zealand companies are likely to remain active** despite strong macro-economic headwinds. Continuing the encouraging trends in **New Zealand goods exports** to Saudi Arabia (a 75% monthly increase in April, and an annual 27.1% increase in June), **NZTE's office for Saudi Arabia** has reported \$83 million in new deals from companies they work with in the Saudi market in the 2019/20 financial year; up from around \$16 million in the 2018/19 financial year.
- With over 96% of New Zealand exports by value arriving in the Gulf Cooperation Council (GCC) by sea, exporters have reported relative normality in port and sea freight operations during COVID-19 and many Gulf countries have adapted to COVID-19 related challenges. **The New Zealand Embassies in Abu Dhabi and Riyadh have collaborated on a [report on supply chains resiliency in the GCC region](#) and the pandemic's impact on New Zealand exporters in the Gulf.**

Supply chain updates

- As part of its work to **ensure New Zealand's international supply chains** function as well as possible through COVID-19, MFAT has been using its network of Posts to monitor how international sea and air ports, and domestic logistics are operating. The latest supply chains update has been [published online](#) (last updated 5 August). MFAT also remains involved in an interagency group that is looking at addressing longer term air and sea freight issues and building supply chain resilience.
 - The Ministry of Transport's **International Air Freight Capacity (IAFC) scheme** was established to help maintain New Zealand's air freight links with global markets. Phase 1 has added 70 weekly flights on Air New Zealand, China Airlines, China Southern, Emirates, Freightways Express, Qantas, and Tasman Cargo. The Government has agreed to extend IAFC support agreements which were set to expire by the end of August. The support agreements are now expected to be in place until the end of November 2020. In the first instance, exporters should contact their preferred freight forwarder to access the flights. A schedule of the flights is listed [here](#).
 - The regional Level 3 Alert Level in Auckland has seen some delays in freight movements into and out of the Auckland region – these delays will look to be addressed with exemptions and express lanes for freight movement.
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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 [COVID-19 economic dashboard](#), and Stats NZ has published a new [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.

More reports

View full list of market reports from MFAT at <https://www.mfat.govt.nz/en/trade/mfat-market-reports>

If you would like to request a topic for reporting please email exports@mfat.net

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