

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 **IMF's** updated World Economic Outlook [released](#) on 24 June predicts that the global economy will shrink 4.9% in 2020, a downward revision of 1.9 percentage points from its April forecasts. In comparison, the global economy contracted by just under 0.1% in 2009 in the aftermath of the Global Financial Crisis.

Regional updates

- Exporters and businesses are reminded to keep updated on what New Zealand's increased 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 new annual trade figures, for the **year ended July 2020** New Zealand's **exports** rose 2.1%, reaching \$60.22 billion while **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 **19 August 2020** with the equivalent fortnight in 2019, **total exports** to all countries were up 3.8% from \$1.88 billion to \$1.91 billion, while **total imports** from all countries were down 10.9% from \$2.58 billion to \$2.30 billion.
- The various **lockdowns** imposed from 9 July until 13 September across Victoria are significantly **impacting the Australian economy and slowing recovery**. The overall cost, including the direct effect on Victoria and implications for other states, is estimated by Australia's federal treasury to be AUD\$10-12 billion. **Farmers, contractors and employees in the agriculture sector are now able to seek exemptions to cross the Victoria-New South Wales border** without having to quarantine in Sydney for two weeks. **Tasmania's borders will remain closed** until at least 1 December.

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).
- 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 on by the New Zealand Embassy in The Hague and is published [here](#).
- **Iceland** has announced a tightening of its **border testing policy**, shifting to double testing from 19 August for all incoming travellers. Travellers need to undertake strict self-isolation between the test at the border and a follow-up test 5-6 days later. An option of 14-day self-isolation remains. While border testing has been in place since 15 June, tourists were exempt from a second test. The exemption in place for certain countries previously deemed "safe" (Germany, Finland, Denmark, Norway, Greenland, and the Faroe Islands) will also be removed from 19 August.

Americas

- 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.
 - The New Zealand Embassy in Washington has prepared a **report on the opportunities in the US logistics automation market**, published [here](#). The rise of e-commerce activity due to stay-at-home orders has led to increased pressure on the US logistics sector, resulting in unprecedented rapid expansion of automation technologies in warehouses, distribution centres, and fulfilment operations.
 - Chinese officials reported the detection of **COVID-19 on frozen chicken imports from Brazil** on 12 August. The Chinese Embassy in Brasília issued a statement saying it is working with Brazilian officials "to better identify where and how the contamination occurred". Pending further information, **the Philippines and Hong Kong** have also moved to **temporarily suspend chicken imports from Brazil**. **Hong Kong has instituted a series of tests and no COVID-19 has been detected on these Brazilian chicken products**.
 - **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's National Meat Institute (INAC)** will establish a **commercial office in China** aimed at promoting Uruguayan beef, developing a reputation for hormone-free and antibiotic-free meat and leveraging Uruguay's relatively successful response to the COVID-19. China accounted for 60% of Uruguay's meat exports in 2019.
 - In **Uruguay**, the **Pro-Carne Group**, an inter-institutional market access commission, will be **relaunched in September** with the aim of achieving improved tariffs and facilitating the opening of new markets. This group, which was initially created in 2016, includes the National Meat Institute (INAC), government ministries and other industry representatives.
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- The **EU has temporarily banned Argentine imports of citrus fruits** due to the appearance of **citrus black spot disease** (*Phyllosticta Citricarpa*) in lemons in northern Argentina. Argentine authorities had previously suspended exports of lemons to the EU from those regions since July. However, the EU's decision impacts lemons and other citrus fruits from all Argentina.

Asia

- **China's Ministry of Commerce** has announced an **anti-dumping investigation** into **Australian wine**. China is Australia's largest wine market, taking 39% of Australia's wine exports worth AU\$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.
 - **Air New Zealand** began its **second weekly passenger flight** from **Auckland to Shanghai** on Saturday 22 August. Due to the capacity constraints facing the New Zealand managed isolation and quarantine system, Air New Zealand is only flying one Shanghai to Auckland passenger flight per week. Air New Zealand continues to fly cargo-only flights the remaining 5 days of the week.
 - 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.
 - On 17 August, Japan's Cabinet Office announced that **Japan's GDP dropped by an annualised 27.8%** in real terms from April to June 2020, as the COVID-19 pandemic dampened economic activity. This is the largest contraction of the Japanese economy in 40 years, greater than the 17.8% contraction in the January to March quarter of 2009 following the global financial crisis, and Japan's third consecutive quarter of negative GDP growth. Despite Japan's economic slowdown, **New Zealand exports to Japan have continued to perform well**, with data for January to June 2020 showing New Zealand exports growing in value by 10.3% year on year.
 - In early August the **New Zealand Embassy in Tokyo** received a number of queries from concerned distributors and consumers after Japanese media picked up on a TVNZ story on glyphosate residues in mānuka honey. The Embassy responded to these queries with advice from MPI that testing undertaken by New Zealand Food Safety shows that there is **no food safety concern from glyphosate residues in honey**. For further information, please check the [MPI website](#) or contact info@mpi.govt.nz.
 - This month **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. Travellers will still be required to quarantine on their return to New Zealand. (NB: *As at 28 August, 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.
 - **Singapore Airlines** (including Silk Air and Soot) now allows **transit through Singapore Changi Airport** from the cities of **Jakarta, Medan, Surabaya, Ipoh, Kuala Lumpur, Kuching, Penang, and Bangkok**. Transfers are only allowed for SIA Group flights originating in one of the approved cities. The full list of approved cities and travel guidelines can be found [here](#).
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- A **report on the timber sector in Viet Nam** prepared by the New Zealand Embassy in Ha Noi is available [here](#). Viet Nam's timber processing industry is the largest in South East Asia and is Viet Nam's brightest primary sector star. Viet Nam has been a **growing market for New Zealand timber products** for the past five years, with New Zealand currently the 10th largest exporter of wood products to Viet Nam. While New Zealand faces stiff competition with **Chile, Brazil and the US**, there are **opportunities** available in the **softwood market** for New Zealand timber products.
- The New Zealand Embassy in Jakarta has recently prepared a **report on timber export opportunities in Indonesia**, published [here](#). **Indonesia** is a large market for **forestry products**, importing NZ\$5.5 billion in 2019. **New Zealand** is the fifth largest exporter of wood to Indonesia, accounting for 6.6% of the market, and is New Zealand's 11th largest export destination for wood and wood products.
- The issuance of **new import permits for Meat and Bone Meal to Indonesia** has resumed following the lifting of a temporary ban on Meat and Bone Meal import permits for all countries, announced on 22 July.
- Following approaches by MFAT officials, the **Indonesian government** has agreed to **amend 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.
- The **Philippine economy** contracted 16.5% in the second quarter, largely attributed to the severity of COVID-19 lockdown. Businesses able to shift to **digital operations** (both in providing goods and services or enabling work-from-home arrangements) were less significantly impacted. The **impact of COVID-19 lockdown on the Food and Beverage sector**, the bulk of New Zealand exports, results in mixed outcomes for **New Zealand businesses**. New Zealand's **reputation** for high quality and healthy food has seen demand for some products grow (e.g. Manuka Honey). Companies supplying retail stores (primarily supermarkets) continue to see strong demand, but demand from the hospitality sector has dropped significantly. A full report prepared by the New Zealand Embassy in Manila is available [here](#).

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>

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