



Monitoring International Supply Chains

22 June 2020

Developments over the last week

Trade

- Comparing provisional Statistics New Zealand goods trade data for the fortnight ending 17 June 2020 with the equivalent fortnight in 2019, total exports to all countries were down 1.4% from \$2.352 billion to \$2.319 billion, while total imports from all countries were down 9.6% from \$2.273 billion to \$2.054 billion. Provisional data for the month of May indicates that exports fell by 5.8% and imports by 20.6

Availability of Air Freight

- Air freight remains significantly impacted as a result of COVID-19. Countries representing nearly 90% of New Zealand's 2019 trade are showing slightly or significantly reduced air freight operations. Air Freight costs remain elevated.
- The Government's International Air Freight Scheme continues to add additional international air freight capacity, particularly trans-Tasman, across the Pacific, Asia and into the Middle East. Additional flights into and out of New Zealand are continuing to resume.
- NZ has direct airfreight links to Taipei through the China Airlines service twice a week. In Korea, air freight costs have begun to reduce as flight connections have increased. Freight forwarders report that costs for air freight between New Zealand and Korea are currently around twice as high as pre-COVID-19 levels (NZD7.3 per kg compared with NZD3-4 per kg). This is an improvement on April prices and significantly lower than the cost of air freight between Korea and the United States, which is currently 4 times higher than March/April prices.

Availability of Sea Freight

- Sea freight has not been as strongly affected as air freight. Countries representing more than two-thirds of New Zealand's trade are showing normal sea freight operations.
- The American Association of Port Authorities reported it has seen a 20-25 percent drop in containerized cargo traffic this year. West Coast ports that primarily move cars to and from Asia have been hit particularly hard, with one reporting a nearly 90 percent drop
- A gradual easing in restrictions has seen an increase in sea freight in parts of the Pacific and through Turkey. Tonga is reporting a reduction in the supply of freight ships.
- The port of Cape Town – currently a COVID-19 hotspot in South Africa – has sent infected workers home, resulting in delays unloading freight.
- In China, border restrictions mean technical crew (e.g. sps specialists) are unable to disembark when their assignment is complete. This may impact on the numbers of technical crew willing to crew ships bound for China.
- The American Association of Port Authorities reported it has seen a 20-25 percent drop in containerized cargo traffic this year. West Coast ports that primarily move cars to and from Asia have been hit particularly hard, with one reporting a nearly 90 percent drop.

Domestic Operations

- In Argentina, the borders remain open for departures, however only a limited number of exceptional international flights remain. Air New Zealand is operating private cargo flights throughout the month of June.

Concerns about New Zealand Exporters and Policies to Preserve Supply Chains

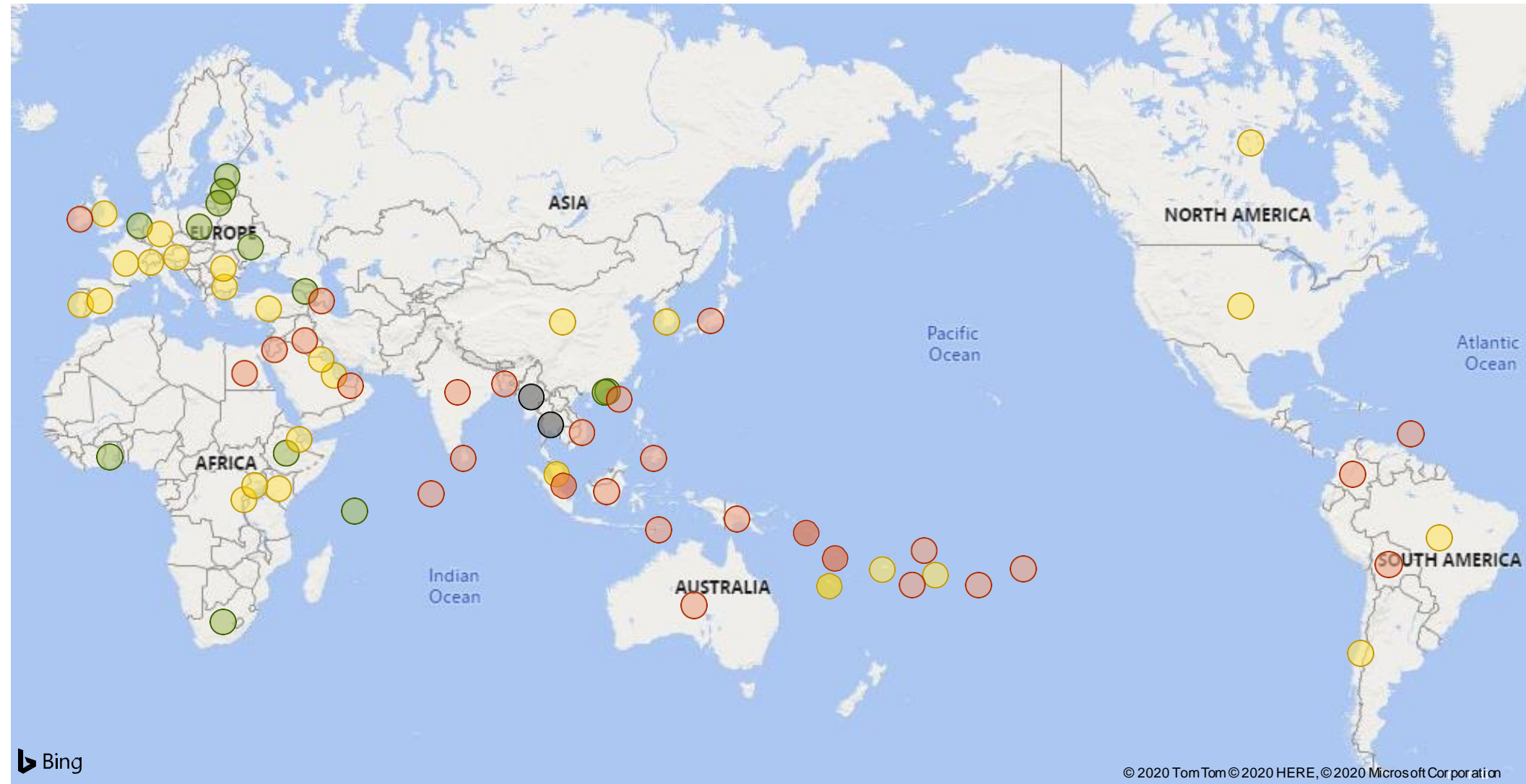
- A number of Governments have introduced measures to strengthen supply chains. Australia has introduced an International Freight Assistance Mechanism, involving a network of 15 air freight service providers and freight forwarders, to accelerate delivery of high value agricultural and fisheries exports into key overseas markets, including Auckland, Hong Kong, Singapore, Shanghai and Tokyo. The US and Middle East are also priority destinations for IFAM.



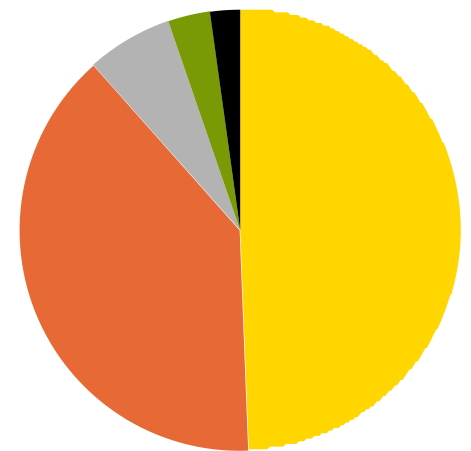
Functionality of Air Ports and Availability of Air Freight

Data source COVID-19 Post Data tracker updated on 21/6/2020

Status ● Normal ● Slightly reduced ● Heavily reduced ● Not operating



Responses weighted by 2019 NZ trade share



Status	% Trade Share
Slightly reduced	49.24%
Heavily reduced	38.95%
Response to come	6.27%
Normal	3.08%
Not operating	2.17%

Data points are shown where there are reductions and where data is available.

Contact enquiries@mfat.govt.nz

Air Freight Availability (Regional Breakdown)

Australia

- Travel restrictions and the resulting cancellation of many passenger flights has heavily reduced air freight capacity into and out of Australia, including trans-Tasman.
- The New Zealand Government's [International Air Freight Capacity \(IAFC\) Scheme](#) has seen Emirates, Freightways, Tasman Cargo, Air New Zealand and Qantas awarded contracts that provide for 32 additional trans-Tasman flights per week.
- The Australian Government's [International Freight Assistance Mechanism](#) is also helping to restore airfreight capacity trans-Tasman (AKL).
- PM Morrison continues to speak positively about the possible resumption of trans-Tasman travel.

Pacific

- Air freight capacity has been heavily reduced by the reduction in international passenger services. Air New Zealand flights to Niue have halved although there is more space on each for freight. New Caledonia last week announced it would extend the suspension of international flights until end of July [Source: RNZ] and [Tonga has extended its ban on all scheduled international flights until 12 September](#).
- National carriers are under financial stress.
- For Fiji, the situation for airfreight has improved considerably in recent weeks with the resumption of regular Fiji Airways and Air New Zealand scheduled cargo flights. Under the IAFC Scheme, Air NZ is flying one return cargo service per week to Rarotonga, Nadi, Apia, Tonga and Niue. There is an airfreight backlog for the Cooks due to limited capacity on the weekly flight. Similarly there is a backlog for Samoa, and prioritisation of cargo by the Government of Samoa may result in delays for certain New Zealand exports.

North Asia (incl. China, Japan, South Korea)

- The availability of air freight is slightly reduced. [While Air New Zealand will resume passenger flights to Shanghai from 22 June](#), special cargo flights remain the main way to get airfreight between the two countries. NZ has direct airfreight links to Taipei through the China Airlines service twice a week. In Korea, air freight costs have begun to reduce as flight connections have increased. Freight forwarders report that costs for air freight between New Zealand and Korea are currently around twice as high as pre-COVID-19 levels (NZD7.3 per kg compared with NZD3-4 per kg). This is an improvement on April prices and significantly lower than the cost of air freight between Korea and the United States, which is currently 4 times higher than March/April prices. [Air New Zealand is to resume passenger flights to Japan in late June](#).

Americas

- North America: Capacity into North America is severely constrained by the reduction of flights into the US – down from 41 per week to 3. Only four Canadian airports are open to international travel. The US-Canada border closures have also impacted US-Canada flight viability. Through the IAFC, until the end of June there will be daily flights between Los Angeles and Auckland plus three flights between San Francisco and Auckland where there is high demand for exports out of New Zealand.
- Latin America: In Chile, air freight technically available although suspension of all routes to Oceania is causing issues for some NZ exporters. [Air New Zealand is operating private cargo flights to Argentina throughout June](#).

South East Asia (incl. India, Singapore, Malaysia, Philippines, Viet Nam, Indonesia)

- Air freight availability and functionality is either slightly or heavily reduced. Thai airports are operating, but there are currently no direct flight options for airfreight. Indirect airfreight requires transshipment via a reduced network of connections, at a cost that is most often, not commercially viable. In Malaysia, the primary issue is the lack of direct flights from New Zealand to Malaysia (and vice versa). Singapore Airlines has announced the introduction of cargo-only flights between Auckland and Singapore which will operate five times a week. [In June, the airline increased its total daily cargo flights to international destinations to 20](#). In Viet Nam, cargo flights operating as normal. Inbound international passenger flights very restricted. Outbound international passenger flights very limited. Total air cargo is significantly reduced due to the lack of passenger flights. [In Indonesia, several passenger airlines have started dedicated cargo services](#).

Middle East and Africa

- Air freight is heavily reduced across the Middle East and Africa by the suspension/cancellation of passenger flights. This has had the biggest impact on New Zealand businesses exporting goods to the region, with costs per kg up to four times normal levels in some cases. (But Turkish Cargo – a Turkish Airlines brand – experienced almost 17% growth in volume as a result of the pandemic, flying 900 flights to 100 destinations in April alone.)
- [However Emirates this week announced it is resuming passenger flights to 10 more cities throughout June and July, including to Auckland from July 1](#).
- Under the IAFC Scheme, Emirates is now flying four return cargo flights per week to Dubai – three out of Auckland and one from Christchurch.

Europe

- [Air cargo rates have plunged as European demand for medical supplies softens and Europe emerges from lockdown. Rates per kg from Shanghai to North Europe more than halved to \\$5.35 on 15 June, from \\$11.18 four weeks earlier. \(here\)](#)
- [New IATA research suggests that risks to European aviation are increasing, with European airlines forecast to lose \\$21.5b in 2020. \(here\)](#)
- The availability of air freight is slightly reduced. There has been an increase in the number of cargo flights to accommodate freight that would normally be transported in the belly of passenger planes. Some carriers have even repurposed airframes (i.e. refitting what would normally be passenger decks to carry light air cargos). Frankfurt Airport has reported its Cargo volume is down by 20% year on year. The situation may begin to ease again when Lufthansa begins to expand its flight schedule again from June onwards. Air freight through Schiphol Airport Amsterdam was down 26.4% in April compared to April 2019. Volumes on dedicated freight flights were up 19%, while freight carried on passenger flights was down 84%. Passenger volumes were down 98% in May across all Dutch airports and flights were down 90%.
- The operational capacity of air freight is slightly reduced. European border control restrictions do not apply to airfreight, but there are some airport closures (whole or partial) – Gatwick Airport, London City Airport and cargo flights to Paris Orly airport have been rerouted to Paris Charles de Gaulle following Orly's temporary closure.



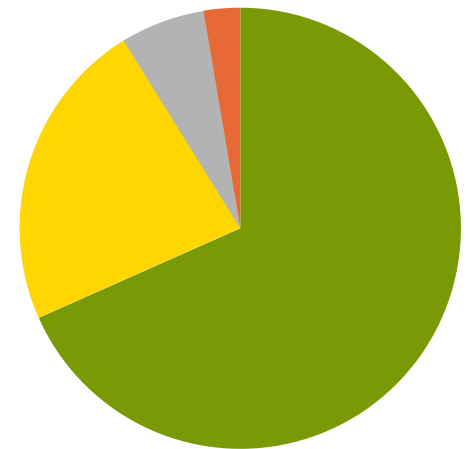
Functionality of Sea Ports and Availability of Sea Freight

Data source COVID-19 Post Data tracker updated on 21/6/2020

Status ● Normal ● Slightly reduced ● Heavily reduced ● Not operating



Responses weighted by 2019 NZ trade share



Status	% Trade Share
Normal	68.15%
Slightly reduced	22.82%
Response to come	6.16%
Heavily reduced	2.59%

Data points are shown where there are reductions and where data is available.

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Sea Freight Availability (Regional Breakdown)

Australia

- Shipping and ports are for the most part operating normally, although specific quarantine/sanitary requirements in different states and territories may cause freight delays.

Pacific

- Sea ports in Pacific Island Countries of Polynesia are generally open for cargo and operating on normal schedules. Tonga, however, reports a reduction in supply boats. Tonga Marine and Ports under the Ministry of Infrastructure have in place [procedures](#) for foreign cargo ships including tankers, arriving in Tonga during the pandemic. In the Cook Islands, some outer Island Councils have banned sea freight arriving from Rarotonga.
- In Melanesia and Micronesia, sea ports are generally open but operating with delays due to quarantine requirements and sanitary processes. Honiara saw a reduction in shipping services as a result of delays and has introduced a three-tier system: 3-tier quarantine system (5 days for arrivals from PICs, 9 days from NZ, Australia or South Korea, otherwise 14 days). In Fiji, there were some disruptions to shipping (in particular, the closure of Lautoka port) but sea freight is now moving normally. Cargo volumes peaked in April, with replenishment of staples but a reduction in high value, refrigerated goods that would normally be used in the tourism industry.

North Asia (incl. China, Japan, South Korea)

- Sea freight availability and functionality is either normal or slightly reduced. But in China, border restrictions mean technical crew (e.g. SPS specialists) are unable to disembark when their assignment is complete. This may impact on the numbers of technical crew willing to crew ships bound for China.

Americas

- North America: Sea freight availability and functionality is either normal or slightly reduced. Not aware of any issues with sea port disruption apart from the temporary closure of two terminals at Houston Port in March, following a single positive case of COVID-19 and sporadic closures due to reduced trade flows (e.g. Los Angeles/Long Beach and Miami). **The American Association of Port Authorities reported it has seen a 20-25 percent drop in containerized cargo traffic this year. West Coast ports that primarily move cars to and from Asia have been hit particularly hard, with one reporting a nearly 90 percent drop.**
- Latin America: Sea freight availability and functionality is either normal or slightly reduced. There have been historic falls in levels of the Parana river due to a lack of rain. This has led to a reduction to the loads on ships, which represents logistical complications for one of the main ports for agricultural exports in Argentina. **Shipping traffic in the region has reduced markedly, with the number of ships transiting the Panama Canal in May 21% less than projected. Guyana has closed its sea ports to international vessels.**

South East Asia

- India: The lockdown has reduced access to labour. Ports that rely on manual labour or lack mechanisation are impacted most heavily.
- Viet Nam: The lack of containers due to global disruptions continue to raise prices and affect shipments.
- Malaysia: Has gone through a process of clearing non-essential cargo from ports, which reportedly has improved unloading and processing times.
- Other South East Asian countries: Operating normally or with reduced capacity caused by factors like delay in container turn around, and reduced customs and quarantine staffing.

Middle East and Africa

- Africa: The port of Cape Town – currently a COVID-19 hotspot in South Africa – has sent infected workers home, resulting in delays unloading freight. Otherwise, sea ports are generally operating at slightly reduced capacity, with slower processing times as a result of public health measures. In Egypt, though, port activity has been steady and in some cases has increased since the pandemic began, as a result of a backlog of shipping, long-term supply contracts and Egypt's being in the midst of its agricultural export season.
- Middle East: Sea ports are open and freight is moving normally (e.g. Saudi Arabia and UAE) or at slightly reduced capacity. In areas already affected by unrest, they are operating at heavily reduced capacity (Iraq and Libya) or not at all (Iran – sanctions related). Turkey is a major entry port for the region. Its ports are operating normally. There has been an easing of restrictions on and big uptick in overland freight transport by road and rail to make up for COVID-19 trade losses.

Europe

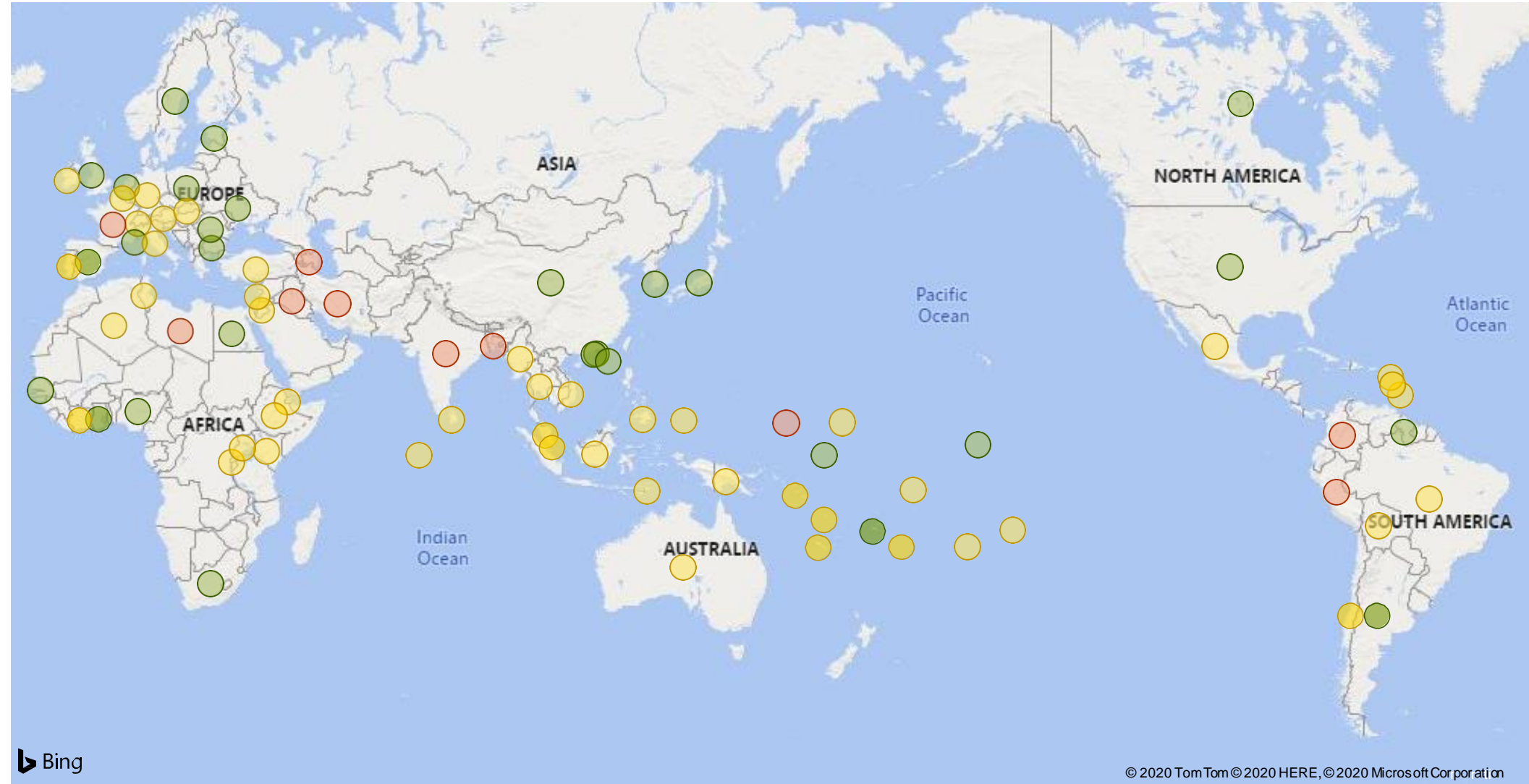
- **Container carriers are extending capacity reduction programmes deeper into the third quarter, signalling expectations of a lukewarm recovery followed by further improvement in Q4 ([here](#)).**
- The availability of sea freight in Europe is generally good. All critical functions and core processes are guaranteed in the ports of Antwerp and Zeebrugge (major ports of entry into the EU for NZ goods).
- The operational capacity of sea freight is slightly reduced. Port efficiency has been impacted by the prioritisation of emergency and COVID-19 goods when unloading; staff absences due to illness; increased container turnaround due to containers become surrogate storage facilities; and extra border inspection measures. The Port of Hamburg has reported reduced container handling (and pressures on its storage space) and some limited blank sailing (scheduled stops being cancelled).



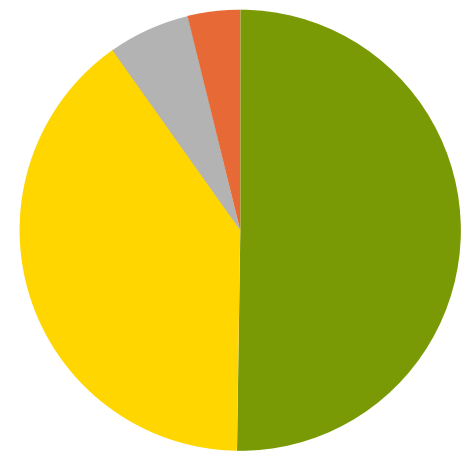
Domestic Logistics and Freight Transport

Data source COVID-19 Post Data tracker updated on 21/6/2020

Status ● Normal ● Slightly reduced ● Heavily reduced



Responses weighted by 2019 NZ trade share



Status	% Trade Share
Normal	50.10%
Slightly reduced	39.86%
Response to come	5.98%
Heavily reduced	3.77%



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Data points are shown where there are reductions and where data is available.

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Domestic Operations

Australia

- Domestic operations – warehousing and road transport – are operating at slightly reduced capacity. Although state and territory borders are closed (except the NSW-VIC and NSW-ACT borders) transport, freight and logistics services are allowed to continue. PM Morrison has signalled his desire to see all internal borders open.

Pacific

- Polynesia: operating normally. Air Tahiti resumed domestic flights to 10 destinations from 22 May. Real Tonga, the national domestic air service, is reporting financial issues and difficulty accessing equipment. **Air Rarotonga has started freight-only flights to the Southern group and the south is now receiving a more regular shipping service.**
- Melanesia & Micronesia: Domestic supply chain logistics operating normally across the region. In Vanuatu, there is some damage to port infrastructure on islands affected by TC Harold and also inter-island ferries, reducing domestic capacity.

North Asia (incl. China, Japan, South Korea)

- In Japan, warehouses are full especially for frozen and cold storage, but logistics companies are working to resolve any issues.
- Reports have indicated that in China, transport of cargo around the mainland continues to operate “almost without interruption, including inter-city movements”.

Americas

- North America: Normal. Logistics and freight transport continue to operate as normal. There have been concerns about potential disruption if significant numbers of workers in these sectors become infected. In Canada and the US, truck drivers are deemed essential workers and are not subject to domestic travel restrictions, and can cross the Canada-US border which is currently closed to non-essential travel. We are not aware of further challenges with cold storage capacity on either the East or West coast since the two-week closure of the largest cold store inspection facility in the US following the quarantining of 50 staff in early April. US Department of Agriculture has provided flexibility to allow imported product to be stored in non-USDA registered storage facilities to alleviate constraints.
- Latin America: Slightly or heavily reduced. In Chile, domestic air services are operating to most regions but on a limited schedule. Road transportation operating as normal.

South East Asia

- India: The lockdown has brought transportation of goods to a halt. Daily movement of trucks has reduced to less than 16-17 per cent of normal levels. The Indian Railways saw the first drop in freight traffic in 18 years. For 2019-20, freight volume declined 12.7 million tonnes (mt). During March 2020, the freight traffic was down 13.92% from 2018-19, while earnings dropped 19.39%. For the April 1-4 2020 period, freight traffic decreased 34.14%, while earnings for the period, too, dipped 43%.
- Philippines: Domestic logistics impacted by the quarantine and although essential goods are still able to move in practice this can still be difficult. Domestic passenger flights are also suspended reducing freight capacity. Cold storage facilities are at capacity due to logistical issues.
- Malaysia: Logistics and freight services are allowed to operate, provided the operators receive special exemption from the Ministry of International Trade and Industry and comply with other requirements (i.e. a 50% staff reduction).
- Indonesia: Some domestic shipping ports are closed-down - affecting prices in remote provinces. Container arrivals for the first three and a half months of the year are roughly comparable to last year.
- Thailand: Goods have been held up due to internal movement restrictions, but domestic freight transport is running fairly well.

Middle East and Africa

- Africa: Domestic supply chain logistics appear to be operating normally (Egypt, Ghana) or at slightly reduced capacity (Algeria, Tunisia, South Africa).
- Middle East: Domestically, supply chains are operating at slightly reduced capacity or, in areas already affected by unrest, at heavily reduced capacity (Iran, Iraq, Libya).

Europe

- The operational capacity of domestic logistics is slightly reduced. The disruptions are the result of broader circumstances like the economic slowdown and nationwide lockdowns resulting in less freight moving, and health measures for logistics and distribution staff. The UK has reported a number of ferry routes being temporarily suspended or scaled down. The ferry routes usually carried a high proportion of cars, coaches and general ‘tourist’ traffic. That type of traffic has significantly reduced making the services uneconomical. There are also emerging concerns around the backlog of imported non-essential items (e.g. clothing, manufacturing parts and electronics) causing logjams in freight/logistics. Warehousing is approaching capacity, and an emergency register has been launched to fully utilise existing space. A decommissioned air base is being used for additional container storage.

Interventions and Policies to preserve freight and logistics

Australia

- \$110 million International Freight Assistance Mechanism, involving a network of 15 air freight service providers and freight forwarders, to accelerate delivery of high value agricultural and fisheries exports into key overseas markets, including Auckland, Hong Kong, Singapore, Shanghai and Tokyo. The US and Middle East are also priority destinations for IFAM. The mechanism is headed up by Freight Coordinator-General Mike Byrne and administered by AusTrade, with the bulk of funding going to communications and coordination with exporters and freight forwarders to

Pacific

- Both Fiji and the Solomon Islands' Governments has support packages for their national airlines. Fiji Government is guaranteeing loans for Fiji Airways totalling FJ\$455 million (though the CE has indicated more support is needed). Fiji Airways has indicated it continue to operate freight services in support of Fiji's exporters, to key markets like Australia, NZ, US and Hong Kong [Source: RNZ] The Solomon Islands Government announced SBD20m in support for their national airline but it is also likely to need more before the end of the year.
- Air Vanuatu has restructured its management to cut costs but still needs approximately NZ\$23million in support. Tonga has set up a coldstore at the airport so for perishables in 72-hour quarantine.
- Many Governments have put in place quarantine periods for cargo ships of between five and fourteen days, and either sanitise freight or leave it sitting for a number of days before handling, **however exemptions are possible in some countries (eg Solomon Islands)**. Cook Islands has put in place contactless processes for offloading cargo ships arriving in Rarotonga from overseas, and for offloading airfreight arriving on the outer islands.
- The Pacific Humanitarian Pathway for COVID-19 (PHP-C) stood up by the Pacific Islands Forum Secretariat (PIFS) is also working with member states to build consensus on strategies for ensuring supply chains can continue to function while maintaining strict health and safety standards.

North Asia (incl. China, Japan, South Korea)

- China: While passenger flights have been restricted, cargo flights have been exempted from any cap. Furthermore, cargo air crew currently have less health compliance on arrival and departure compared with crew of passenger aircraft. China also has a visa process for "necessary" "economic, trade, scientific or technological activities or out of emergency humanitarian needs".
- Korea: A reciprocal arrangement has been reached so that PDF copies of certificates for animal and plant products will be accepted in lieu of delayed original certificates due to COVID-19 disruptions.

Americas

- North America: Transportation and Logistics (and Food and Agriculture) are classified as essential critical infrastructure by the US Department of Homeland Security. This classification informs State, local and tribal response to managing critical infrastructure through the coronavirus outbreak and should ensure that these sectors continue to operate. Latin America: In Colombia, price controls are coming into play for essential food basket items. In Chile, cordons and 'sanitary barriers' have exemptions to allow for supplies to cross through, and emphasis is being placed on digital certificates of origin. **In Argentina, the borders remain open for departures, however only a limited number of exceptional international flights remain. Air New Zealand is operating private cargo flights throughout the month of June.**

South East Asia

- New Zealand and Singapore agreed to jointly charter 10 flights over the next five months in order to increase freight capacity on the New Zealand-Singapore air route, and create greater certainty for exporters. The flights are dedicated to food supplies (to Singapore) and supplies of interest to New Zealand, particularly medical and PPE. The inaugural flight was on 21 April.
- **Indonesia: attempts to require electronic only authentication are ongoing.**

Middle East and Africa

- South Africa has confirmed that all sea freight may continue to enter the country. Previously, only essential goods were allowed. Sanitisation procedures have been introduced at ports.
- Egypt has temporarily lifted the requirement for consularisation of export documents.
- Emirates SkyCargo announced a 4 weekly cargo service to NZ from 3 May as part of the International Airfreight Capacity Scheme to export key commodities (potentially including food) between NZ and the UAE, and linking to Europe. This should help reduce freight costs for New Zealand exporters, although not to pre-COVID levels.
- UAE authorities have also now removed the need for Arabic labelling on imported products, which will allow more F&B imports into the country.
- Demand for New Zealand food products in Egypt remains strong, aided by a reduction in the rate of inspection of consignments from 100% to 25% by the National Food Safety Authority. This, combined with temporary measures exempting the need to authenticate customs documents, has reduced port processing times allowing for quicker delivery of goods to the market.
- Turkey has eased restrictions on land transport, to allow for more trade with and through neighbouring countries e.g. Iran, Iraq and into Central Asia. The New Zealand Government has welcomed Turkey's switch to e-certification for animal/food product imports (originals not required) to prevent delays and human contact.
- In Jordan, there may be long delays for customs clearance. Several measures have been announced to ease the situation, however, including a reduction in the regulatory procedures related to importation of goods; a decrease in the percentage of goods being inspected for local use; and an adjustment of the **grace period fees and cooling charges due at the Aqaba Port (Source: NZTE)**

Europe

- **The EU adopted a temporary state aid framework in March and then broadened it in May to allow direct recapitalisation of private firms. As at mid-June more than 90 state aid schemes had been approved under this framework, to a total value of 2 trillion euro, with national airlines among the largest recipients. Consultation is under way on further amendments to allow state aid to SMEs who were in difficulty prior to the pandemic.**
- The European Commission published a set of (non-binding) guidelines to implement "green lanes" to ensure the availability of goods and essential services. The adoption of these guidelines has successfully addressed ad hoc arrangements that resulted in unprecedented queues of up to 80kms and waiting times of up to 20 hours between EU countries. According to sixfold (an online service that pools data from trucking companies to compile a map of current border crossing times) most border crossings times across the EU are now around 10 minutes. The UK Government has also announced a partnership with the governments of France and Ireland to maintain key transport links and corridors between the countries. Other policies, include - official guidance on which supply chain workers can operate, relaxation of driver hour rules, exemptions for freight operators from general border restrictions and requirements to produce a medical certificate or quarantine, and accepting e-certificates and trade documentation. The UK government is accepting digital copies of phytosanitary certificates in lieu of the originals until 30 June, and is allowing for electronic documents and e-signatures in export licence applications during the pandemic.

Concerns about impacts of policies on NZ exporters & factors affecting supply chains

Australia

- There are no specific concerns about New Zealand or Australian policies negatively impacting New Zealand exports in this market.

Pacific

- Polynesia:
 - There are no reported concerns that specific New Zealand exports to Polynesia are being impacted by COVID-19 policies and measures, although restricted air freight capacity and COVID-19-related border measures might make exporting in general more complex.
- Melanesia & Micronesia:
 - Fiji's ad hoc scheduling of cargo flights put exports of fresh produce to Fiji at risk, as exporters could not plan in advance to fulfil the one week quarantine that is necessary under the relevant bilateral arrangement. The new weekly Air NZ cargo service should help.
 - The Fiji Government has closed Nadi International Airport and declared that only Fiji Airways can fly in and out of the country. Air freight is now very limited, with flights operating ad hoc on demand (approximately weekly). This has disrupted supply chains, including imports and exports of fresh produce, PPE supplies and other exports to/from New Zealand. There are also restrictions on inter-island travel. Ships arriving into Honiara or Noro (Solomon Islands) must observe a 14 day quarantine period at sea, as must those arriving in Nauru. Ships (and planes) arriving in PNG must nominate a First Port of Entry and undergo quarantine measures [unspecified] there.

North Asia (incl. China, Japan, South Korea)

- Factors/policies affecting supply chains in North Asia include:
 - Rising logistics costs (e.g. airfreight now priced **approximately 2 times** higher in Korea), including many last minute cancellations, delays, and reduced capacity. Detainment of consignments due to delayed documentation for customs.
 - Difficulties maintaining supply due to excessive demand (e.g. from third markets like the US and Europe) constraining export volume, and supply chain disruptions such as the introduction of export bans or factory closures in third markets (e.g. India).
 - Travel stoppages and event cancellations that are forcing businesses to explore alternative marketing and promotion methods.
 - Changing retail channels. There is also decreased demand for luxury goods like wine and seafood, due to the impact on the food service industry and restrictions on large gatherings/celebrations. Visa restrictions and quarantine requirements in China have impacted on entry of technicians and other workers.
 - The reduction of air freight capacity has reduced ability of premium fresh produce exporters to access the China market.
 - China has introduced new certification requirements that will seek to ensure the quality of medical equipment, but these may also reduce the speed at which they can be produced and exported.

Americas

- A number of factors are affecting supply chains in the Americas, including: The rapid shift from food service to retail supply chains. This is putting pressure on certain food products, notably dairy, meat, dry goods (rice, beans, flour) and frozen vegetables. Some sectors, notably dairy and specialty crops, are seeing significant food loss at production as a result. Cold storage facilities across the US eastern seaboard are increasingly straining with non-retail meat supplies as the shift from food service to retail meat cuts continues to see over-supply in the system.
- Labour capacity issues: Due to increased COVID-19 infection rates and border restrictions to limit the spread of infection. A number of the major meat processing plants across Canada have had to close temporarily due to COVID-19 cases causing some concern that there will be meat shortages or price hikes. Constraints on migrant, seasonal and cross-border labour (including a mandatory 14 day quarantine period in Canada) are also impacting on the dairy and specialty crops sectors in North America. This is a key time for crop planting in North America.
- The USDA pulled their New Zealand-based pre-clearance personnel supporting apple and pear exports back to the US, suggesting US border inspection as a temporary solution.

Concerns about impacts of policies on NZ exporters & factors affecting supply chains

South East Asia

- Factors/policies affecting supply chains in South East Asia include:
 - Labour shortages. The shutdown of factories and lack of manpower to load and unload cargo as well as drivers to operate trucks for cargo evacuation has affected the export-import trade and in turn the smooth functioning of the logistics industry. A reduction in customs and quarantine staff is leading to delays in clearing goods. Some industries may face labour shortages once the lockdown eases and workers are able to return home.
 - Reduction of border crossings affecting cross-border shipment of goods. For example, in Viet Nam goods that come from China are facing a back log at the border due to delayed processing times and closure of many of the smaller border gates.
 - Third-country supply chain disruptions such as the introduction of export bans or factory closures in third markets. For example, China supplies a lot of inputs to Vietnamese manufactories but there have been challenges sourcing and transporting some of these goods.
 - The clogging up of ports and airports with non-essential shipments has been an issue particularly in India.
 - Issues with courier services not operating- hindering paperwork delivery associated with consignments.
 - The high cost of air freight. Sea freight is functioning largely normally but is too slow to be a viable route to market for some NZ exports.
 - In Malaysia, the systems designation of some services as essential and some as non-essential has been confusing for businesses on the margins and for businesses contributing to an essential business chain that are not in themselves essential. The process of applying to be considered essential has also proven onerous for some businesses.
 - Restaurants, hospitality, and the tourism industry in most South East Asian markets are largely shut down, so there is little demand for high-quality or luxury goods.

Middle East and Africa

- The cost of airfreight is the biggest issue for New Zealand exporters to the Middle East and Africa. There are no specific issues resulting from government responses to COVID-19 that are negatively affecting New Zealand exports to these markets, though.
- Indeed, there may be new opportunities. The UAE Food Security Office is setting up a strategic food reserve programme whereby they are approaching governments to provide information on what food, how much and for what price they could provide. The GCC also recently agreed to pursue a common network for food supply and safety for member states.
- There are opportunities for New Zealand tech companies in the Middle East, e.g. contactless payments. The New Zealand brand has been strengthened by the swift and effective public health response here.
- There are issues that pre-date COVID-19 affecting exports to e.g. Iran and Iraq.

Europe

- **On 8 June the UK introduced a 14-day quarantine for most inbound passengers. Quarantine rules may be relaxed from early July.**
- Bulgarian Customs has imposed a customs valuation on beef tripe imported from New Zealand. It has used the EU's "fair price" method, leading to a customs value higher than the market price for the product, which is impacting on the trade. Our post in Brussels is working with the European Commission to find a resolution.