

Proactive Release

The following item has been proactively released by the Rt Hon Jacinda Ardern, Prime Minister:

Novel Coronavirus Response Issue Updates: 4 February 2020

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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- 6(a), to protect the security or defence of New Zealand or the international relations of the Government of New Zealand
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- 9(2)(ba)(i), to protect the supply of similar information in the future



Memorandum

NOVEL CORONAVIRUS RESPONSE ISSUE UPDATES: 4 FEBRUARY 2020

To Rt Hon Jacinda Ardern, Rt Hon Winston Peters, Hon Kelvin Davis, Hon Grant Robertson, Hon Dr David Clark, Hon David Parker, Hon Chris Hipkins.

Date	3/02/2020	Priority	High
Deadline	3/02/2020	Briefing Number	1920NSP/047

Contact for telephone discussion if required:

Name	Position	Telephone	1st contact
Brook Barrington	Chief Executive – Department of the Prime Minister and Cabinet	s9(2)(a)	✓
s6(a)	Acting Director – National Security Systems Directorate Department of the Prime Minister and Cabinet		

Purpose

1. We have collated a range of agency advice responding to your requests for further information regarding the government response to novel coronavirus. Specifically, these were:
 - Advice regarding the possibility of restarting e-gates (SmartGate) (see paragraphs 4-7 for more information);
 - Whether consideration is being given to the provision of welfare (benefits) for industries impacted by the virus (such as forestry) (see paragraph 8 for more information);
 - The Ministry of Health escalation plan;
 - Processes for monitoring those who have 'self-isolated'; and
 - Consular advice to New Zealanders in China.

2. We have also included two papers outlining sectors of the New Zealand economy that may be affected by the coronavirus outbreak and letting you know how agencies plan to monitor and respond to any developments in these areas.

3. The following papers are attached:

Paper title	Lead agency
Health advice on checking people who are self-isolating	Ministry of Health
Phases of the New Zealand Influenza Pandemic Plan as applied to the 2019-nCoV response as at 30 January 2020 – updated as at 2 Feb 2020	Ministry of Health
Submission on ongoing Consular advice to New Zealanders in China	Ministry of Foreign Affairs and Trade
Coronavirus Update: Sectors of New Zealand economy that may be affected by the Coronavirus outbreak	Ministry of Business, Innovation, and Employment
Impact of Coronavirus on primary sector trade and MPI's response	Ministry of Primary Industries

Reopening of e-gates

4. Regarding re-opening of e-gates, Customs is considering the options for possible partial re-opening. Formal advice on this issue will be available to Ministers later today (Tuesday 4 February).
5. Customs, Immigration and the Ministry of Health are continuously engaging with overseas partners to ascertain which countries have travel restrictions that match or exceed New Zealand's measures. The aim will be to use these countries' passenger screening processes so we can reduce our own need to screen passengers from those countries.
6. Australia, Singapore and the United States all introduced travel restrictions similar to New Zealand's. Customs has confirmed that these countries are applying their restrictions to both arriving and transiting passengers.
7. Customs is determining whether there are unforeseen risks or potential unintended consequences of doing this. It will provide this advice back to Ministry of Health for approval before recommending any decision to re-open the e-gates.

Regarding whether consideration is being given to the provision of welfare (benefits) for industries impacted by the virus (such as forestry)

8. The usual range of financial assistance will be available for individuals in need of help. This could include ongoing assistance for those who no longer have an income or one-off payments for those who have an immediate need e.g. for food.

Please note that the papers referenced above from the Ministry of Health and the Ministry of Foreign affairs and Trade are not attached to this paper and can be found elsewhere in the proactive release.



BRIEFING

Coronavirus Update

Date:	4 February 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	BR 2219 19-20

Action sought	Action sought	Deadline
Hon Phil Twyford Minister for Economic Development	Note MBIE has set-up a dedicated team to monitor the impact on the economy of the Coronavirus outbreak	5 February 2020
Hon Kelvin Davis Minister of Tourism	Note that attached talking points	
Hon Iain Lees-Galloway Minister of Immigration	Agree to forward this paper to the Minister of Finance	

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Dean Ford	General Manager, Economic Development and Transitions	s9(2)(a)	✓
Iain Southall	Policy Director, MBIE		

The following departments/agencies have been consulted

Treasury, Ministry of Education, Ministry of Primary Industries, DPMC, NZTE, MFAT

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Coronavirus Update

Date:	5 February 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	<u>BR 2219 19-20</u>

Purpose

To provide a short update on sectors of New Zealand economy that may be affected by the Coronavirus outbreak, informing you that we have set-up a dedicated team to monitor developments and to provide suggested talking points.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** it is not possible to accurately determine the implications of the Coronavirus outbreak on the New Zealand economy at this stage Noted
- b **Note** that we have set-up a team focussed on monitoring developments and assessing the economic impact of the Coronavirus outbreak Noted
- c **Note** that multi-agency Economic Advisory Group has been stood up and will look to provide advice on a framework for the consideration of any Government intervention tomorrow Noted
- d **Note** the attached suggested talking points Noted
- e **Agree** to forward this paper to the Minister of Finance Agree/Disagree



Dean Ford
**General Manager, Economic Development
and Tourism, MBIE**

4.12.20



Hon Kelvin Davis
Minister of Tourism

09.02.2020

Hon Phil Twyford
Minister for Economic Development

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Hon Iain Lees-Galloway
Minister of Immigration

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Potential Implications for the Economy

- At this stage, it is not possible to accurately determine the implications of the Coronavirus outbreak. Noting that the situation is fluid and there are many unknowns, this is a high-level summary of potential impact.

Tourism impacts

- Chinese tourists spend about \$1.7 billion in New Zealand each year (about 0.6 per cent of New Zealand's annual GDP). Chinese visitors account for around 12 per cent of all tourists to New Zealand and 15 per cent of all tourist expenditure. For context, during the SARS outbreak in 2003, Chinese visitors made up about 3 per cent of all tourists and 3 percent of tourist expenditure in New Zealand.
- Some regions attract more Chinese tourists, and will be more impacted than others. For example, Chinese visitor spend in February is concentrated in Auckland (25 per cent of all Chinese spend), Queenstown (22 per cent) and Rotorua (14 per cent). The outbreak has also occurred over Chinese New Year, so affects a peak visitation period.

Table 1: International visitor numbers & expenditure by country of origin (YE June)

		Visitor arrivals				
		Australia	China	Other Asia	Other	Total
Number	2002	525,354	47,675	362,620	734,327	1,669,976
	2019	1,328,107	390,147	521,681	1,144,913	3,384,798
Share	2002	31%	3%	22%	44%	-
	2019	39%	12%	15%	34%	-
		Visitor expenditure				
		Australia	China	Other Asia	Other	Total
Value (\$billion)	2002	1.2	0.2	1.6	3.7	6.7
	2019	2.6	1.7	1.7	5.2	11.2
Share	2002	18%	3%	24%	55%	-
	2019	23%	15%	15%	46%	-

- China has cancelled all outbound tour groups. Tour groups and package holidays account for around half of all Chinese visits and visitor spending.

Table 2: Composition of Chinese visitors to New Zealand (YE June 2019)

	Visitor numbers		Expenditure	
	Number	Share of Total	Value (\$m)	Share of Total
Independent travel	205,475	53%	849	50%
Tour groups	62,024	16%	231	14%
Package holidays	120,124	31%	599	35%

Table 2: Composition of Chinese visitors to New Zealand (YE June 2019)

Other	2,524	1%	14	1%
Total	390,147		1,694	

5. Individual tourism operators, and their ability to respond and offset, will vary depending on their particular circumstances. Some will redirect their activities to other markets, albeit in some cases by lowering prices to encourage take up of unused capacity and experiencing some reduced profitability as a result. Others will cater solely for the Chinese market, and their resilience will depend on how they have managed the profits from the last 8 years of growth.
6. Westpac have estimated that the travel ban from China to New Zealand will reduce quarterly GDP by 0.4 per cent if it lasts two months. This is based on a scenario in which seasonally adjusted visitor arrivals to New Zealand drop by 11 per cent over the coming three months¹.

How are government agencies supporting the Tourism sector?

7. The Visitor Sector Emergency Advisory Group (VSEAG)², chaired by MBIE Tourism, has reconvened and will meet regularly for the foreseeable future. Members include representatives from Tourism Industry Aotearoa (TIA) and Regional Tourism New Zealand, the international airports, as well as government agencies. A primary role for VSEAG at this time is to foster timely and accurate communication flows to the tourism sector, and to connect health authorities to useful resources in the tourism sector.
8. A particular focus at present is to ensure Chinese visitors already in New Zealand will be able to travel home. Industry associations advise that they have not had any reports of Chinese visitors facing difficulties in returning home. Industry associations report that airlines are going out of their way to enable rerouting and ensuring they can get sufficient aircraft to NZ to enable travel for their customers. TIA has had some reports of visitors wishing to extend their stay in NZ and not return to China in light of health concerns. These individuals are being advised to contact Immigration New Zealand (INZ) directly.
9. VSEAG is undertaking a number of actions to support the tourism sector at this time. These include:
 - a. MBIE, Tourism NZ (TNZ) and TIA developing key messages for the media on the impact on tourism at the national level, to encourage a flow of accurate information and mitigate the burden on key tourism operators who may be approached for comment by multiple media outlets.
 - b. Connecting the Ministry of Health (MoH) with social media operated by the tourism sector, including by TNZ and ATEED. These include Chinese-language channels which can provide effective means of communicating information to Chinese visitors in New Zealand.
 - c. Helping Regional Tourism Organisations and operators in the regions to access key messages from MoH and to know who to contact and work with in the event of visitors to their regions becoming unwell.

¹ Westpac's assumption is that NZ receive zero visitor arrivals from China for two months, followed by the half the usual number in the third month, and that arrivals from the rest of Asia are reduced by 20%.

² VSEAG facilitates communication and co-ordination in response to adverse events, where visitors are affected. In the last year this has included events such as the Christchurch mosque attack, Whakaari White Island eruption, and West Coast flooding (we are currently monitoring the Milford situation as well).

10. In addition to this, Tourism NZ is also looking at re-deploying marketing resource into other markets.

International Education

11. It is too early to predict impacts with any accuracy. International education is New Zealand's fifth largest export market worth \$5.1 billion in 2018. There are currently 27,287 Chinese nationals who hold a valid visa enabling study in New Zealand. Of this total number 12,514 are in New Zealand and 14,773 are outside New Zealand (as of 25/1/2020).
12. Chinese students are the greatest proportion of international students in both the secondary and tertiary sector. The majority of students usually arrive in the first three months of the year. Most international school students have arrived, but the bulk of the tertiary students are expected in coming weeks.
13. Education agencies are assessing immediate and medium-term impacts of the Coronavirus, in particular the closure of borders to Chinese nationals. This assessment will include the likely loss of revenue and economic value from students not being able to enrol. Market impacts will be common across English-speaking countries so the risk of significant flight to competitor countries is low and may limit longer term impacts, provided student welfare and contractual issues are handled well. Students may also defer study, rather than not enrol altogether. Education agencies are working with providers to consider mitigations, like different delivery methods, to manage short-term disruptions to study.
14. Education agencies will determine the impacts on provider viability and on the wider market. The impact is hard to read at this stage and likely to depend on how New Zealand's reputation holds during our management of the situation and how long the situation is in place. There will be taxation and labour market impacts depending on the scale of the effect on export earnings.
15. Officials are in the early stages of assessing the impacts on education markets in China, for example, China-based campuses of New Zealand education providers and broader off-shore delivery. As education agencies gather evidence and impacts on this, it will be included in international education economic analysis.

Primary Exports

16. Most primary sectors are experiencing some disruption to their trade with China including issues with supply chains, delayed payments, cancelled orders, and cessation of some airfreight services. Lower consumer confidence will likely affect overall consumer spending on high value products. Annex Two provides a brief summary of export trade to China for key primary sectors.
 - 9(2)(b)(ii), 9(2)(ba)(i)
 - **Seafood:** The seafood industry is concerned about holding product in the water and the lack of cold storage space. This product is likely to be diverted to other lower value markets in the short-term. Aside from the live rock lobster industry, the main airfreighted seafood product is chilled salmon. Chilled salmon accounts for less than 1% of seafood exports on average in February. Industry has indicated it will likely stop chilled salmon exports until there is more certainty around border clearance processes and timeframes in China.

- **Dairy:** The majority of dairy products are still expected via shipment with no known risks or impacts, due to the Chinese New Year being a quiet period in any case. The limited product being sent via air freight has been affected with the cancelation of Air New Zealand flights. This has predominately impacted e-commerce purchases. If other overseas airlines reduce or cancel flights to or from New Zealand, there would be greater risk to dairy exports, particularly infant formula.
 - **Meat:** The largest concern for the meat industry is clearance delays at ports, creating a shortage in cold store space in both China and New Zealand. There will likely be deferrals to future orders and some New Zealand product is being shipped to other markets, driving down the price. Effects of this will be felt in the long term, and at this stage industry is considering an interim scaling back of exports to China. Industry and farm representatives are concerned at the compounding impact of near-drought conditions in parts of New Zealand.
 - **Horticulture:** The largest risk moving forward for horticultural exports is if kiwifruit shipments are stopped or reduced. Early kiwifruit exports to China start in March, reaching full force in April. The product can have a long shelf life if appropriate cold storage is available but will lose value over time. China accounts for 25% of New Zealand's kiwifruit export market so there may be some ability to divert product for a few months. The success of this may be largely determined by the nature of Zespri's contacts. Summerfruit New Zealand has stated that the majority of New Zealand's cherries have already successfully entered China.
 - **Forestry:** Impacts on product flow through ports is the largest issue facing forestry, and with delays also reducing the quality of the logs exported. In February, logs on average account for 81% of forestry exports. Smaller companies are looking to sell to domestic processors, rather than exporting to avoid value loss. Industry discussions are taking place today regarding a temporary halt to harvesting and cartage operations. There are media reports of forestry crews being sent home for the foreseeable future. At least one major log exporter - Pacific Forest Products (PFP) - has had their latest shipment to China cancelled. PFP are stopping all log exports from this Wednesday due to there being no guarantee of payment. Likewise Chinese manufacturers are shut, with no guarantee of discharge of consignment at port.
17. The New Zealand Government has limited ability to manage many of the risks and disruptions as a result of Coronavirus – including port and transport delays and changes in market conditions. MPI is however working to ensure exporters are updated on the situation so they can implement their own contingency plans.

Business Support

18. NZTE is launching a landing pad on their website today that will provide advice and information for exporters on Coronavirus, working with MFAT, MPI and Customs to ensure a co-ordinated approach. NZTE also setting up an advisory service for exporters to talk to experts if they need advice which will be available to non-NZTE customers.
19. MBIE has developed a framework and decision model, based on our experience of providing support after various emergency events. The framework and decision model have been used in the past to determine specific businesses that are eligible for targeted, short-term support (for example the recent support package for Whakaari/White Island business directly affected by the eruption).
20. A challenge for using emergency business support in this situation would be the difficulty of identifying impact. While for some businesses this will be quite obvious as they generate

significant revenue from Chinese visitors (e.g. certain tour operators), for others the impact will not be obvious but nonetheless significant (e.g. fuel stations)

Next steps

21. Given the uncertainty and fluid nature of the situation, MBIE has set-up a dedicated team within MBIE to monitor developments and assess the economic impact. Treasury have also stood up the multi-agency Economic Advisory Group (EAG) to support ODESC. EAG is the coordinating point for advising ODESC on the economic (and financial system) impacts of acute events such as the coronavirus outbreak. We are looking to provide Ministers with a further paper tomorrow, providing system advice on economic monitoring (including information on what Australia is considering) and a framework for the consideration of any government intervention.

Annexes

Annex One: Suggested Talking Points on the economic and trade impacts of the novel Coronavirus outbreak

Annex Two: New Zealand primary sector trade to China

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Annex One: Suggested Talking Points on the economic and trade impacts of the novel Coronavirus outbreak

General

- New Zealand acknowledges the significant challenges China faces to contain the spread of the Corona virus.
- Although New Zealand is an outward facing nation, we must take all measures to stop the virus from spreading and to protect New Zealanders and our Pacific Island neighbours.

Impact on NZ trade

- Trade officials are carefully monitoring how the Corona virus is affecting New Zealand businesses.
- In the short term we expect New Zealand's tourism and international education sectors to feel the most significant impact of the Corona virus due to travel restrictions that China and other countries have put in place.
- The government is working closely with the tourism and international education industries to reduce the impact on them as much as possible.
- There are no formal restrictions on market access for goods exports and imports, and trade regulatory conditions are unaffected.
- However, the Government is aware of reports that some sectors have already seen a fall in demand for their products or have been affected by delays at the border due to travel restrictions in China.
- This includes reports that forestry and log exporters are facing delays at the border.
- Flight cancellations by some airlines may also affect airfreight shipments of certain perishable goods to China.
- We understand that these delays are cause for concern to our exporters. However, it is hoped these impacts will be temporary and can be minimised. Experience with previous outbreaks of this kind, such as SARS, suggests that when the virus is contained, activity will soon return to normal.
- To help ensure New Zealand exporters have the latest information, NZTE is setting up a webpage. This page will include contact details on how exporters can seek further help from agencies including MFAT, MPI, NZTE and Customs. It is planned that the web page will be live within the next 24 hours.
 - Until the NZTE webpage goes live, trade and export issues related to the Corona virus can be directed to the Ministry of Foreign Affairs and Trade's Exporter Helpline - 0800 824 605 or by email on exports@mfat.net
 - *[If pressed on the economic impact of the government's restrictions on foreign travellers from China]* Our first priority is to limit the spread of this virus. Prior to the entry restriction the Chinese Ministry of Culture and Tourism had ordered travel agencies to suspend selling group tours. It is unknown if the New Zealand government's entry restrictions will have a further impact at this point.

Annex Two: New Zealand primary sector trade to China

Average exports (2017-2019)	January	February	March	April	May	June	Average yearly exports	Current Situation	Risk (from extended crisis)
Dairy	\$326.0 million	\$292.7 million	\$362.9 million	\$373.3 million	\$407.8 million	\$412.8 million	\$5.4 billion	Minimal impact - Due to the non-perishable nature of main dairy commodities (e.g. WMP)	Medium – increasing risk over time.
	1% Air	1% Air	1% Air	2% Air	2% Air	2% Air	2% Air	Significant disruption reported – impact on forest crews	High – compounded by market slowdown.
Forestry	\$167.2 million	\$242.4 million	\$291.6 million	\$258.8 million	\$198.8 million	\$267.6 million	\$3.1 billion		
	0% Air								
Horticulture	\$23.2 million	\$9.5 million	\$35.7 million	\$115.5 million	\$107.2 million	\$99.1 million	\$674.9 million	Minimal impact – Key export products currently off-season	Medium – Increasing risk as approach export season (e.g. kiwifruit exports start in March).
	76% Air	7% Air	0% Air	0% Air	0% Air	0% Air	4% Air		
Meat/wool	\$227.1 million	\$283.1 million	\$308.1 million	\$246.3 million	\$268.6 million	\$236.3 million	\$3.0 billion	Trade slowing – reported scaling back of exports to China and some market diversion occurring.	High – risk from lack of cold storage space in China and New Zealand. This is compounded by near drought conditions and peak season.
	0% Air	1% Air	1% Air	1% Air	1% Air	2% Air	1% Air		

AM20-0062



Aide-memoire:

From: Phil Houlding
Director
International Policy

Contact: s9(2)(a) Manager Trade Policy s9(2)(a)

To: Hon Damien O'Connor
Minister of Agriculture

Hon Stuart Nash
Minister of Fisheries

Hon Shane Jones
Minister of Forestry

Date: 4 February 2020

Impact of Coronavirus on primary sector trade and MPI's response

Key Messages

- This aide memoire provides information on the current known impacts of Coronavirus on primary sector trade and outlines MPI's response.
- Most sectors have experienced some sort of impact, largely from supply chain disruption at the Chinese end or through the reduction of transportation links to China. Forestry and the seafood industry are the most severely impacted at this point.
- MPI is closely monitoring the impacts of Coronavirus on New Zealand's primary sector trade and providing exporters with the latest information. The situation is evolving rapidly and there remains significant uncertainty.
- We will provide further updates as industry impacts change. The next inter-agency meeting with industry groups is on Wednesday 5 February to report on the latest developments and to discuss how government can best support them. MPI is working with NZTE, MFAT and Customs to ensure exporters are updated on the situation so they can implement their own contingency plans.
- There remains no change in the regulatory settings for exports to China.

- s6(a)

- MPI officials are working closely with the New Zealand rock lobster industry, which appears to be the sector most acutely affected at this time, to consider options that might provide relief to fishers and exporters. No decisions have been made yet.

Background

Impact on primary sector trade flows and exports

1. While it is too early to determine the full impact of Coronavirus on China's economy, supply chains, and global markets, some impacts on New Zealand's primary sector trade are becoming evident.
2. Most sectors are experiencing some disruption to their trade with China including issues with supply chains, delayed payments, cancelled orders, and cessation of some airfreight services. Lower consumer confidence, combined with other factors such as travel restrictions to China will likely affect overall consumer spending on high value products.
 - **Dairy:** The majority of dairy products are still exported via shipment with limited risks or impacts at this point, due to the Chinese New Year normally being a quiet period. The limited product being sent via airfreight has been affected with the cancellation of Air New Zealand flights. This has predominately impacted e-commerce purchases. If other overseas airlines reduce or cancel flights to or from New Zealand, there would be greater risk to dairy exports, particularly infant formula.
 - **Meat:** The largest concern for the meat industry is clearance delays at ports, creating a shortage in cold store space in both China and New Zealand. There will likely be deferrals to future orders and some New Zealand product is being shipped to other markets, driving down the price. The Meat Industry Association reports that products that can be directed to other markets (especially lamb and prime beef) are being redirected, while there are more challenges with mutton and some manufacturing beef. If the situation is prolonged, this may create problems at the farm level, especially in dry regions where processing plants are under capacity pressure. MPI is in regular contact with the meat industry on this.

- **Horticulture:** The largest risk for horticultural exports is if kiwifruit shipments are stopped or reduced. Early kiwifruit exports to China start in March, reaching full force in April. The product can have a long shelf life if appropriate cold storage is available but will lose value over time. China accounts for 25% of New Zealand's kiwifruit export market so there may be some ability to divert product for a few months. The success of this may be largely determined by the nature of Zespri's contacts. Summerfruit New Zealand has stated that the majority of New Zealand's cherries have already successfully entered China. Harvesting of apples has started this week therefore if disruptions continue there will be impacts for this sector too.
- **Forestry:** The build-up of unprocessed log inventories in China ^{9(2)(ba)(i), 9(2)(b)(ii)} [REDACTED] and the potential for a significant reduction in log export prices due to over-supply is the main concern of the forestry sector. Pre-emptive action by the industry is having flow on impacts to forest harvesting and transport companies and could have an impact on employment. Some forest companies have put a pause on or are reducing harvesting, others are focusing on selling more volume to domestic processors. However there is a limit to the volume domestic processing can absorb. Forest owners are focusing on moving their current inventory of felled logs in forest or on wharf to market as it is the peak season for sap stain and log quality will degrade if left unprocessed for too long. The largest log exporter to China (Pacific Forest Products) has also announced it is pausing exports to China from Wednesday night to prevent further exacerbating the situation. The forestry sector was burnt by a sudden drop in log prices in the middle of 2019 when there was a similar build-up of log inventory. In February, logs on average account for 81% of forestry exports. MPI is working with the forestry sector to better understand and plan for consequences of an extended shut down of the wood processing and construction industry in China beyond the Chinese New Year holidays. There are media reports of forestry crews being sent home for the foreseeable future.
- **Seafood:** The seafood industry is concerned about holding product in the water and the lack of cold storage space. The key concern is around live/chilled products (e.g. rock lobster, chilled salmon, mussels, paua etc.) that are highly perishable. These account for approximately 45% of fisheries exports to China. These products are likely to be diverted to other lower value markets in the short-term. Aside from the live rock lobster industry, the main airfreighted seafood product is chilled salmon. Chilled salmon accounts for less than 1% of seafood exports on average in February. ^{s9(2)(b)(ii)} [REDACTED]

The impact on remaining fisheries exports (e.g. mainly frozen) is likely to be determined by the level of broader disruption in China.

- **Rock lobster:** China is the leading export market for live rock lobster, accounting for 99% of all exports. The outbreak has significantly impacted demand for rock lobsters. 9(2)(b)(ii), 9(2)(ba)(i)

This has come at an unfortunate time for exporters with a large volume of rock lobsters being held in New Zealand holding facilities to meet export demand for Chinese New Year celebrations (25 Jan – 8 Feb). Fisheries New Zealand is working with industry to actively consider options that might provide relief to fishers and exporters at this time. MPI proposes to consult and advise on an urgent amendment to regulations to allow carry forward of up to 10% of uncaught annual catch entitlement (ACE). This amendment will need to be made before the start of the new fishing year on 1 April. Separate briefing information will be provided on this.

3. These impacts will likely have flow on effects to employment and labour for the primary sectors. For example, there are reports some forestry crews across New Zealand have temporarily closed operations and logging workers have been told to go home.
4. MPI will be checking with port operators to get further information on the flow-on impacts on New Zealand ports from the Chinese supply-chain slow-down.
5. China's notified market access conditions for food and primary products remain unchanged, along with registrations and listings for New Zealand food and primary product premises. Further information on official references to Coronavirus from China are attached as Appendix Two.

MPI's response and engagement with primary sector exporters

6. The New Zealand Government has limited ability to manage many of the risks and disruptions as a result of Coronavirus – including port and transport delays and changes in market conditions. MPI is however working to ensure exporters are updated on the situation so they can implement their own contingency plans.
7. To minimise risk and gather the latest information, MPI/MFAT/NZTE (including its Beijing based representatives) are seeking information from New Zealand businesses and officials based in China around the impacts of Coronavirus on their operations, supply chains, and the regulatory settings.
8. MPI/MFAT/NZTE/Customs working level officials convened today to further coordinate the NZ Inc. response and messaging, and to discuss how we can best support the primary sectors.
9. MPI/MFAT are undertaking analysis on the longer-term economic impacts of Coronavirus and will report to Ministers and industry on their findings.
10. MPI is using its communication channels and the Export Regulatory Advice Service (ERAS) to ensure that primary sector exporters, including smaller exporters, are kept informed of developments and can put contingency plans in place.

Security Level – In Confidence

11. On Friday 31 January MPI convened a meeting with primary sector stakeholders (chaired by Acting Deputy Director General Policy and Trade, Ruth Fairhall) to discuss Coronavirus and the potential impacts for trade. Participants included peak industry bodies along with businesses from sector groups most likely to be affected, and other agencies including MFAT, Customs, NZTE, and Treasury.
12. MPI will host a second inter-agency meeting with primary sector exporters on Wednesday 5 February to report on the latest developments and to discuss how it can best support them.
13. MPI and MFAT's exporter helplines have not yet received any enquires directly related to Coronavirus. NZTE is currently establishing a portal on its website with the latest information and advice for all New Zealand exporters (expected to be live in the next day). MPI will continue to provide NZTE with its latest intelligence, and update its website as information is made available.
14. MPI will continue to work closely (via MFAT) with Minister Parker's office, who is currently responsible for handling all media enquires related to the trade aspects of Coronavirus.
15. We are keeping Ministers informed through weekly report items and formal messages, and contributing to an economy-wide trade update process led by MFAT. Note an Aide Memoire outlining the impact of coronavirus on log exports will be provided to Minister Jones later this week.

Minister / Minister's Office

Seen / Referred

/ / 2020

Appendix One: New Zealand trade to China

Average exports (2017-2019)	January	February	March	April	May	June	Average yearly exports	Current Situation	Risk (from extended crisis)
Dairy	\$326.0 million 1% Air	\$292.7 million 1% Air	\$362.9 million 1% Air	\$373.3 million 2% Air	\$407.8 million 2% Air	\$412.8 million 2% Air	\$5.4 billion 2% Air	Minimal impact - Due to the non-perishable nature of main dairy commodities (e.g. WMP)	Medium – increasing risk over time.
Forestry	\$167.2 million 0% Air	\$242.4 million 0% Air	\$291.6 million 0% Air	\$258.8 million 0% Air	\$198.8 million 0% Air	\$267.6 million 0% Air	\$3.1 billion 0% Air	Significant disruption reported – impact on forest crews	High – compounded by market slowdown.
Horticulture	\$23.2 million 76% Air	\$9.5 million 7% Air	\$35.7 million 0% Air	\$115.5 million 0% Air	\$107.2 million 0% Air	\$99.1 million 0% Air	\$674.9 million 4% Air	Minimal impact – Key export products currently off-season	Medium – Increasing risk as approach export season (e.g. kiwifruit exports start in March and apples in April).
Meat/wool	\$227.1 million 0% Air	\$283.1 million 1% Air	\$308.1 million 1% Air	\$246.3 million 1% Air	\$268.6 million 1% Air	\$236.3 million 2% Air	\$3.0 billion 1% Air	Trade slowing – reported scaling back of exports to China and some market diversion occurring.	High – risk from lack of cold storage space in China and New Zealand. This is compounded by near drought conditions and peak season.
Seafood	\$40.8 million 73% Air	\$50.7 million 50% Air	\$ 52.4 million 29% Air	\$51.7 million 41% Air	\$65.4 million 51% Air	\$41.2 million 55% Air	\$616.5 million 50% Air	Significant disruption reported	High – given perishable nature of product

Security Level – In Confidence

Rock Lobster	\$28.6 million 99% Air	\$25.3 million 97% Air	\$13.8 million 100% Air	\$21.5 million 95% Air	\$32.1 million 100% Air	\$21.5 million 100% Air	\$293.8 million 95% Air	9(2)(b)(ii), 9(2)(ba)(i)	High – Likelihood that no trade with China will occur before the rock lobster fishing year ends on 31 March. It will take time for market to re-open or to grow alternative markets.
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Appendix Two: Update on China's notified market access conditions

1. China's notified market access conditions for food and primary products remain unchanged, along with registrations and listings for New Zealand food and primary product premises – and there is no evidence suggesting changes.
2. Express references to Coronavirus border clearance processes on GACC and local customs offices' official websites are currently confined to the 'zero delay' clearance of imported Coronavirus prevention and control supplies.
3. There has been no public notification on official websites to port or airport freight closures. However, there are references to some processes at some ports which are now able to be done remotely, thereby reducing the need for customs agents to visit port Customs offices.
4. China's Ministry of Commerce has published a notice detailing the adequacy of China's meat imports, along with a document on supply of goods to consumers after the Coronavirus outbreak, and encouraging businesses to use imports to provide necessities. China's Ministry of Agriculture and Rural Affairs has also published a notice to agriculture cooperatives on strengthening production and supply during the Coronavirus outbreak.