



## New Zealand

### Operational risk, economic uncertainty to persist despite cautious border reopening in coming months

 OPERATIONAL INFRASTRUCTURE

COVID-19

Travellers from the Cook Islands will be permitted to resume quarantine-free travel to New Zealand from 21 January.

The reciprocal travel arrangement – following an announcement that foreign students can enter from April – signals the government's priorities in boosting the economy by reviving the tourism and education sectors.

Weakening public support for the state's contact tracing strategy and a gradual implementation of a national vaccine programme could hamper efforts to deal with rolling outbreaks in the coming months.

Operational risks for businesses in the logistics sector will persist, amid major ports' inability to deal with a backlog of activity in recent months due to domestic factors (such as labour shortages).

#### Slow reopening

New Zealand and the Cook Islands on 15 January announced the reciprocal travel agreement (or "travel bubble"). The initial plans for one-way travel from the Cook Islands stems from its COVID-19-free status and its strict health and border protocols. Two-way travel could take place by late March but will be dependent on COVID-19 circumstances. For example, Australia and New Zealand halted plans to permit two-way travel as part of the [trans-Tasman travel bubble](#) amid [outbreaks](#) across several Australian states in recent weeks.

This announcement comes after New Zealand on 14 January said that it will allow 1,000 foreign students to enter New Zealand in stages from April. Both developments signal the government's economic priorities and plans to revive the tourism and higher education sectors. Education institutions have in recent months been lobbying for the reopening of borders to foreign students, as international education contributed NZD 5bn (USD 3.6bn) to the economy before the onset of COVID-19.

#### Leaving some traces

Its selective border reopening to certain travellers does not signal the government's confidence that it will be able to handle rolling outbreaks efficiently in the coming months. The health ministry on 14 January urged the public to continue using its contact tracing application NZ COVID Tracer, which has seen nearly a 50% drop in usage in recent months. In November 2020, there was a daily average of 866,000 scans of QR codes; this has fallen to 465,000 as of mid-January.

A continued decline in the contact tracing application's use could weaken the country's collective response to rolling outbreaks. This subsequently could complicate the government's plans to roll out a national vaccination programme for frontline workers after April, while the public will have access to vaccines in the second half of 2021. The government has advance purchase agreements with British-Swedish manufacturer AstraZeneca and US manufacturers Pfizer, Janssen and Novavax.

#### Shipping news

The gradual border reopening is unlikely to significantly alleviate operational risks for businesses in the logistics sector for at least the next three months. Increased costs and compliance with the country's strict COVID-19 requirements for ships and crews have caused several shipping firms to reportedly suspend trips to New Zealand or bypass the country.

Businesses have lamented that pandemic-driven disruptions to the global supply chain are not primarily responsible for the growing reputation of the Ports of Auckland (North Island) for inefficiency. New Zealand's inability to recalibrate its shipping operations in response to the pandemic has amplified domestic weaknesses, such as a skilled labour shortage and poor port management. Such issues are likely to continue contributing to severe shipping congestion and unloading delays in the coming months.

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