



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Weekly Global Economic Round-up

MARKET INTELLIGENCE REPORT

Highlights

Government begins consultation on New Zealand's second emissions reduction plan

- On Wednesday, 17 July, the Government released for consultation a discussion document outlining New Zealand's second emissions reduction plan. The discussion document outlines sector proposals under the plan, as well as how these policies might affect different groups of people and how communities can respond to the effects of climate change. Some key proposals include:
 - doubling renewable energy by reducing the consenting burden through Electrify NZ;
 - targeting 10,000 public electric vehicle chargers by 2030;
 - lowering agricultural emissions by giving farmers the tools to reduce emissions;
 - investing in resource recovery through the Waste Minimisation Fund; and investigating carbon capture, utilisation, and storage.
- Consultation runs until Wednesday 21 August 2024. If you wish to submit on the plan or register to attend any of the information session please visit the [Ministry for the Environment website](#).

International Monetary Fund projects steady global growth over the next two years

- [The International Monetary Fund](#) (IMF) is projecting steady growth for the global economy over the next two years, with growth projections unchanged in the latest update to its World Economic Outlook. The forecast for 2024 remains unchanged at 3.2 percent, while the forecast for 2025 is slightly higher 3.3 percent (compared to 3.2 percent in the April forecast).
- The United States remains the standout of the advanced economies, projected to grow by 2.6 percent in 2024 and 1.9 percent in 2025. Asia, however, will remain the main engine of global growth. The IMF upgraded their forecast for both India and China, projecting growth of 7.0 and 5.0 percent in 2024 respectively (up from April's forecast of 6.8 percent and 4.6 percent).

Regional updates

Domestic

Inflation slows to a three-year low

- [Data released by Stats New Zealand](#) on Wednesday showed that New Zealand's consumer price index increased by 3.3 percent in the 12 months to the June 2024 quarter. This figure was below market forecasts and was a significant decline from the 4.0 percent increase during the March 2024 quarter. Domestic inflation pressures, while cooling, continue to underpin the headline inflation figure. Housing-related inflation (increased 1.1 percent in the quarter) are driving domestic inflation, in particular rents and construction price rises featured in the June quarter. Headline inflation remains outside of the Reserve Bank's target band, of 1-3 percent. However, forecasters see inflation returning to within the band in the coming quarters, and all local bank economists now expect the RBNZ to start cutting the official cash rate from November.
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North Asia

Chinese economic growth slow in the second quarter

- [China's economic growth in the second quarter](#) came in lower than expected, expanding by 4.7 percent. This was the slowest rate of growth since the first quarter of 2023 and was also significantly slower than the 5.3 percent registered during the first quarter. The decline in growth was largely due to slowing retail sales, which after increasing by 3.2 percent in the first quarter increased by just 2 percent in the second. Property and stock prices also continued to fall, despite recent efforts by the Government to support demand. This decline in consumer spending was partly offset by strong exports, which expanded by 8.6 percent in the year to June 2024.
 - Read more about how China's economy is operating at 'two speeds' in the latest [Market Intelligence Report from MFAT's Embassy in Beijing](#).
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Pacific

Fiji passed 2024–2025 Budget focused on raising GDP and lowering debt

- On 11 July, Fiji’s Parliament passed the National Budget 2024-2025. Highlights of the Budget include continued expenditure priorities on social protection, education, health, and infrastructure. Increases were announced for civil servant salaries and the minimum wage rate (up from FJ\$ 4.00 per hour currently to FJ\$ 4.50 per hour from 1 August 2024 and then to FJ\$ 5.00 per hour from 1 April 2025). Changes announced on the revenue side include the removal of a 3 percent duty on the importation of raw materials, and other selected changes to import duties (e.g. lowered for prefabricated buildings) and excise duties (increased for selected alcohol and tobacco products). The Fiji Government has pledged to bring down the country’s debt-to-GDP ratio, which now sits at 78 percent, down from 90 percent in 2022.

Deputy Prime Minister Peters led a cross-party delegation to the Solomon Islands on 1–3 July

- While in the Solomon Islands, Minister Peters met with Prime Minister Manele, Foreign Minister Agovaka and a number of other figures important to the political and development relationships. Economic development featured as a significant theme across discussions. He also signed, with Minister Agovaka, the new Air Services Agreement. This is an ‘open skies’ agreement that allows for easier air movement between Honiara and Auckland via Port Vila, which will help facilitate business connections and travel, particularly for seasonal workers.

Europe

Sweden launches a digital passport checking services for foreign students and workers

- In late May the Swedish Migration Agency launched a pilot [Digital Passport Check e-service](#) which makes it easier for students and workers from 22 countries and territories, including New Zealand, to apply for residency for work or study. Applicants can now download an app, scan their passport, and perform facial recognition to identify themselves for residence permit applications, thereby avoiding the time-consuming and sometimes expensive journey to a Swedish mission abroad. This adds to Sweden’s attraction as a destination for New Zealand students and workers, who previously had to visit the Swedish Embassy in Canberra to apply for residency. New Zealand officials are lobbying Finland to make a similar change.

European Union passes legislation regulating artificial intelligence (AI)

- The European Union (EU) has passed comprehensive legislation, the first of its kind worldwide, to regulate AI as the EU seeks to become a “global hub for trustworthy AI”. The Artificial Intelligence Act, which comes into force in August, sets a common framework for the use and supply of AI systems in the EU, and will be implemented in stages over the next two years. It sorts different AI systems into categories of risk. Those deemed “minimal risk” (e.g. spam filters) will not be subject to further regulation. “Limited risk” systems (e.g. chatbots) will have to meet certain information and transparency obligations. The most onerous requirements will be on providers of “high risk” systems (e.g. profiling of individuals or processing personal data).
 - The legislation aims to support the development of new technology while recognising that the potential dangers and public mistrust of AI could slow the development of AI technology in the EU, leaving the bloc further behind the United States and China. The EU also hopes the new regulation will allow it to shape global standards going forward. The Act has been criticised by businesses due to potentially high compliance costs, with the EU seen as taking a more cautious approach than is likely to be adopted by the United States, China and United Kingdom. This would hinder the EU's competitiveness as an AI innovator.
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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 economic update](#) every Friday. Stats NZ has published a [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.
- The all of government [Trade Barriers](#) website can be used to register any trade barriers experienced or issues exporting to an offshore market. Queries can be sent via the website or through the MFAT Exporter Helpline 0800 824 605. Enquiries will be sent to the government agency best placed to answer.
- Tauranga Aotearoa Stats NZ provides official data on the value of New Zealand's exports and imports of both goods and services, by commodity type via the [New Zealand Trade Dashboard](#). This interactive dashboard is updated every quarter and allows for filtering by country and by commodity type.

More info

More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

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