



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

10 JULY 2023

Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Highlights

- Minister for Trade and Export Growth Damien O'Connor signed the New Zealand-European Union Free Trade Agreement in Brussels on 9 July. 91% of New Zealand's current trade into the EU will enter duty-free from day one through tariff elimination and duty-free quotas once the Agreement enters into force, after ratification. This will increase to 97% when fully implemented after seven years.
- A new [pathway to Australian citizenship for New Zealanders](#) in Australia came into effect on 1 July. Announced by Prime Minister Anthony Albanese on 22 April, this policy enables New Zealand citizens who have lived in Australia for four or more years to apply for Australian citizenship. Approximately 300,000 New Zealanders are likely to be eligible.
- New Zealand released its [Inclusive Trade Action Group \(ITAG\) Three-Year Review](#) of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The Review assessed CPTPP's early impacts for New Zealand with respect to a range of inclusive aspects. It found that more than half a million New Zealanders are employed in firms that export goods to CPTPP partners, including a relatively high representation of women and Māori. Median wages for women and Māori in these firms also tend to be higher than in other exporting firms.

Regional updates

Domestic

- New Zealand expanded its ban on plastic bags in supermarkets to include thin bags that are typically used to hold fruit and vegetables. The measure is expected to prevent 150 million plastic bags per year from going to landfill.
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Global

- Meta launched a new app, Threads, on 5 July. Threads enables users to post messages, reply to other users, and like or repost messages. [CBS News describes it](#) as an “alternative to Twitter” within the context of growing frustration by Twitter users following recent changes to the platform.
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Australia

- The Lowy Institute released its [annual poll](#), which provides a snapshot of how Australians see the world and their place in it. The findings were positive from a New Zealand perspective. Australians have high confidence in Prime Minister Hipkins, and feel most warmly towards New Zealand on the whole when compared to other countries. When asked about their level of optimism for Australia’s economic performance over the next five years, 62 percent said they were optimistic.
 - Qantas announced a new daily service between Wellington and Brisbane. The flights will be available from October 2023, bringing additional capacity to the trans-Tasman route.
 - The Reserve Bank of Australia left its official cash rate at 4.1 percent on 4 July, after 12 interest rate rises since May 2022. Economists had been divided in their forecasts ahead of the RBA’s monthly meeting, with about half predicting the pause and the others expecting another 25 basis point increase. The RBA governor, Philip Lowe, said the decision on whether to raise the rate, or leave it unchanged had been “finely balanced”. The board decided to hold interest rates steady in light of the “uncertainty surrounding the economic outlook” and wanting to give time to assess the impact of previous rate rises. Despite the pause, Dr Lowe said further increases might be needed in the coming months to get inflation, now 5.6 percent, back down to the central bank’s 2 percent to 3 percent target. The inflation rate is now at its lowest since April 2022, due mainly to a softer pace in the growth of both housing and transport prices.
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Pacific

- **Fiji's Government has announced a disciplined 2023-2024 budget, focused on addressing the economic legacy of COVID-19.** Going some way to address the Fiji Government's significant debt levels, the Budget provides for a number of revenue-raising measures; including tax raises, increases in excise (for sugar and alcohol), and simplification of the overall tax system. The Budget proposes investment in social protection programmes and family assistance schemes; a write-off of student debt (and a bonding scheme); and funding increases to the health, education and water sectors. The Budget also proposes to reduce duties on imported meat (including beef, lamb and chicken) as a mechanism for addressing cost of living for Fijian consumers. Parliamentary debate on the Budget and its implementing legislation will occur next week, and reception to the budget has been largely positive so far.
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Europe

- A new EU [regulation on deforestation-free products](#) came into effect on 29 June. This requires exporters of certain products to prove that they do not originate from recently deforested land or have contributed to forest degradation. Products covered by the regulation include beef and wood. Businesses will have at least 18 months to implement the new rules (longer for SMEs).
 - France's Economy Minister Bruno Le Maire asked the French fraud and consumer protection agency to open an investigation into fast fashion companies. The investigation will focus on the platforms' environmental impact, consumer protection, and the working conditions under which the clothes are made.
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Asia

- The Economist Intelligence Unit released [data](#) this week showing that economic conditions are improving in South Korea. Exports are increasing, inflation is easing, and imported energy costs are falling. South Korea's year-on-on decline in merchandise exports improved from 15.2% in May to 6% in June, and consumer price inflation reached a 21-month low of 2.7%.
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Americas

- The Panama Canal is experiencing low water levels due to a drought. As a result, ships are unable to sail fully loaded, and fewer ships are able to travel through the Canal each day. [Bloomberg](#) reports that numbers are down to 30-31 ships per day compared to 36-37 on a good day.
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Middle East

- Turkey's annual inflation rate dropped to 38.2% in June, according to official data published this week. This rate compares to a two-decade high of 85% in October 2022.
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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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