



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

29 MARCH 2023

Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Highlights

- The Reserve Bank of New Zealand voted 5-2 to raise the Official Cash Rate (OCR) from 5.25 percent to 5.50 percent 24 May. The Bank's [decision statement](#) noted the weak global economic growth outlook and easing inflationary pressures, but underlined that the OCR will need to remain restrictive for the foreseeable future.
- President Biden and House Speaker Kevin McCarthy have reached an agreement in principle to raise the US debt ceiling for two years through 2025. The deal is expected on Monday, after which it will need to pass both the Republican-controlled House and the Democrat-controlled Senate by 5 June in order to avoid the US defaulting on its debts.
- A new regional supply chains agreement has been substantially concluded. The agreement among 14 Indo-Pacific countries is one of four pillars being negotiated as part of the Indo Pacific Economic Framework (IPEF), launched in September 2022. The announcement was made in Detroit, USA over the weekend and will see IPEF members undertake to monitor and address supply chain vulnerabilities; uphold labour rights in supply chains; and promote regulatory transparency.

Regional updates

Domestic

- Leaders of the Group of Seven countries met in Hiroshima for their annual summit on May 19-21. In their subsequent communiqué leaders focused on enhancing global economic resilience and responding to harmful practices that undermine international rules and norms, including economic coercion.
 - Trade and Export Growth Minister Damien O'Connor travelled to Detroit for the annual APEC Ministers Responsible for Trade meeting from 24 – 29 May. Whilst in Detroit, O'Connor also hosted a meeting of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Ministers and participated in an IPEF Ministerial Meeting. Minister O'Connor also used his time in Detroit to meet with a number of Ministerial counterparts, including Canada, Indonesia, Mexico, Japan, and the United States.
 - Prime Minister Chris Hipkins held a series of international meetings in Papua New Guinea, 21-23 May. Prime Minister Hipkins held bilateral discussions with Prime Minister Narendra Modi of India, PNG Prime Minister James Marape, Cook Islands Prime Minister Mark Brown and United States Secretary of State Antony Blinken. Prime Minister Hipkins has stated his intention to visit India as soon as he is able to.
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Middle East and Africa

- The New Zealand-United Arab Emirates (UAE) two way goods trade experienced a 43% decrease in 2022 (NZ\$1.89 billion) from 2021's NZ\$3.33 billion. The drop was largely due to a NZ\$1.5 billion decrease in oil imports from the UAE, after the April 2022 closure of New Zealand's only oil refinery, Marsden Point.
- **New Zealand's exports to the UAE** increased to NZ\$970 million in the year ended December 2022 from NZ\$900 million in the year prior (ending December 2021). Technology and services (including healthcare) offer further opportunities for growth for NZ exporters.

- African states are facing challenges in sustaining economic growth through international and domestic shocks. Most countries in the region are grappling with high inflation, and many are engaging in debt restructuring negotiations with external creditors. Corruption in governance and trade continues to pose a challenge for some African economies. In many instances, in-country partnerships remain important to successfully navigate cultural and customary business practices and requirements. Sectors such as agritech and services, such as in climate resilience and waste management, present opportunities for New Zealand businesses. There are also opportunities for investment in dairy, mining, renewable energy in the region.
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Asia

- Malaysian Foreign Minister Zambry Abdul Kadir visited Wellington on 3-4 May. The [New Zealand – Malaysia Strategic Partnership](#) announced in 2022 was signed during his visit. Malaysia is a top 10 market for our primary products, and is our fourth largest dairy market. Minister of Foreign Affairs Nanaia Mahuta highlighted New Zealand's strengths in agritech, food tech and health tech as enablers of food security. Minister Zambry welcomed New Zealand investment in those areas, suggesting Malaysia could be used as a hub for the ASEAN region. As the region grew over the next five to ten years, incomes would rise, as would the demand for food and other high quality products.
 - Bilateral trade between with the Republic of Korea is up 31 percent since pre-COVID levels. Many New Zealand exporters, including a number of Maori exporters, are looking to the Korean market as a means to diversify their portfolio. Ingredients for health supplements are a major area for opportunity, including mussel oil, propolis, and protein supplements. We are in the process of a formal review to gauge our free trade agreement's success since ratification in 2015, there may be potential to explore improved access for New Zealand products.
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Europe

- The International Monetary Fund (IMF) expects the U.K. economy to grow by 0.4 percent in 2023, an upgrade from the 0.3 percent contraction it predicted in April. The IMF also noted inflationary pressure remains a short-medium term risk and further monetary policy tightening may be needed. This outlook was supported by UK inflation data that came in higher than market expectations at 8.7 percent, the highest rate in 32 years.
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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

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