



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

30 JANUARY 2024

# Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

# Highlights

- On 23 January [Trade Minister Todd McClay departed](#) New Zealand to visit the World Trade Organisation (WTO) in Switzerland in preparation for the 13th Ministerial Conference of the WTO, which is being held in Abu Dhabi in February. While in Geneva Minister McClay will meet key leaders within the WTO including the Director General, Deputy Director General, and the heads of key Regional Groups in the WTO, as well as Pacific Representatives.
- Minister McClay will then travel to Dubai to meet with Minister of State for Foreign Trade, Dr Thani bin Ahmed Al Zeyoudi, to discuss New Zealand's support for the UAE chairing of the 13th WTO Ministerial Committee, and our bilateral trading interests.

# Regional updates

## Domestic

- [New Zealand's consumer price index](#) rose at an annual rate of 4.7 percent during the December quarter, a fall from the 5.6 percent increase in the previous September quarter. Though this is still considerably higher than the Reserve Bank's target of 2-3 percent, this indicates a declining trend in inflation which peaked in June 2022 at 7.2 percent.
  - Digging into the data, domestic inflation came in stronger than many had expected, with housing and household utilities prices the largest contributors to inflation during the December quarter. Rents, construction costs and local council rates posted gains of 4.5 percent, 3.6 percent, and 9.8 percent respectively. The next largest contributor to annual inflation was food prices, although these did fall 1.2 percent in the December quarter as fresh produce supply recovered from weather-related disruption.
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## Australia

- The [Australian Government has announced changes](#) to a series of already-legislated Stage 3 tax cuts. From 1 July 2024 the Albanese Labor Government will: reduce the 19 per cent tax rate to 16 per cent (for incomes between \$18,200 and \$45,000); reduce the 32.5 per cent tax rate to 30 per cent (for incomes between \$45,000 and the new \$135,000 threshold); increase the threshold at which the 37 per cent tax rate applies from \$120,000 to \$135,000; and increase the threshold at which the 45 per cent tax rate applies from \$180,000 to \$190,000. In explaining the Government's decision, Australian Prime Minister Anthony Albanese noted that many Australians are still struggling from increases in the cost of living and that revisiting the policy was the responsible thing to do given changing economic conditions.
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# Americas

- United States economic data released last week suggests that the United States economy has managed to pull off a remarkable “soft landing”, with the economy continuing to show strong growth while consumer prices continue to decline. Figures released by the [United States Bureau of Economic Analysis](#) showed that the economy expanded at a rate of 3.3 percent during the final quarter of 2023, well-above market expectations of an increase of 2 percent. This growth was driven by strong growth in private consumption, government spending, business investment, residential investment, exports and inventories.
  - For the whole of 2023, the United States economy grew by 2.5 percent, which made it a distinct outlier among developed economies that are continuing to struggle with higher-than-normal inflation and interest rates.
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# Europe

- Last week the [European Central Bank \(ECB\)](#) held its key interest rate steady. However, accompanying communications suggested the possibility the ECB may start cutting interest rates as soon as the upcoming northern hemisphere’s spring. Recent economic growth indicators suggest a weak end to 2023 for the Eurozone and ECB noted risks to economic growth are tilted to the downside.
  - Outside of this macroeconomic news, there were couple of announcements of note for New Zealand businesses in the past fortnight. On Wednesday, 24 January, the [European Commission set out plans to bolster the European Union's \(EU\) economic security](#). The package includes a legislative proposal to tighten foreign investor screening and export controls. While the announcement does not impact New Zealand businesses directly, the move underscores the increasing primacy of security concerns over economic orthodoxy in one of New Zealand’s major trading partners (and one of the world’s largest economic blocs). It also underscores the increasing economic rivalry between the EU and China.
  - Finally, on 15 January the EU concluded its review of 11 existing adequacy decisions that had been adopted under the EU data protection legislation that preceded the EU General Data Protection Regulation. The EU determined that New Zealand ensures an adequate level of protection for personal data transferred from the EU. As a result, data transfers from the EU to New Zealand can continue to take place without additional requirements. This is good news for ease-of-doing business and trade in the digital age, and helps ensure smooth cross-border data transfers. Only a small number of countries have achieved EU adequacy status, and this recognition is important for New Zealand in a global business environment. For more information please see the [EU press release](#).
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# Middle East

- It is estimated that 15 percent of global merchandise trade travels through the Suez Canal. Much of this has been disrupted by the ongoing Houthi attacks against commercial shipping in the Red Sea which has resulted in many large shipping firms rerouting their cargo around the continent of Africa. In response, the Government announced that [New Zealand is deploying a six-member Defence Force team](#) to the Middle East region as part of an international coalition to uphold maritime security in the Red Sea. The team will contribute to the collective self-defence of ships in the Middle East, in accordance with international law, from operational headquarters in the region and elsewhere. No NZDF personnel will enter Yemen.
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# CPTPP News

- Late last year (11-12 December) senior trade officials representing CPTPP members met in Queenstown on for the final Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Senior Officials Meeting (SOM5). This was the United Kingdom's first in-person officials-level meeting after their accession to CPTPP, and the first meeting that Brunei Darussalam attended in-person after ratifying the Agreement.
  - The objectives for SOM5 were to finalise, as much as possible, the CTPPP implementation work led by New Zealand in 2023 and to discuss the General Review's next steps. On the General Review, Canada set out the 2024 work programme based off the Terms of Reference (ToR) that CPTPP Ministers endorsed in the margins of APEC, which will help guide the review. New Zealand will seek further Maori and stakeholder input on the General Review in early 2024. You can find the link to the Terms of Reference [here \[PDF, 569 KB\]](#). The next CPTPP Senior Officials' Meeting will be hosted by Canada in 2024.
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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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