



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

13 JUNE 2023

# Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

# Highlights

- The OECD's [latest global economic projections](#) show that global growth has stabilized and is projected to be 2.7% in 2023 - the lowest annual rate since the global financial crisis - before rising to 2.9% in 2024. Inflation remains high and is projected to drop from 6.6% in 2023 to 4.3% in 2024. The report recommends governments maintain restrictive monetary policy to combat inflation, phase out and/or target fiscal support to the most vulnerable households, and prioritise pro-growth spending and supply-boosting structural reforms.
- On 8 June, at the end of Prime Minister Sunak's visit to Washington, the United States and the United Kingdom announced the 'Atlantic Declaration', an agreement that seeks to increase US-UK trade in areas including defence and critical minerals. The Declaration has been presented as a framework for a forward-looking US-UK relationship based on economic security and securing key supply chains. The Declaration is focused on deepening the US-UK economic partnership across five pillars: critical and emerging technologies; economic security, technology protection toolkits, and supply chains; inclusive and responsible digital transformation; clean energy; and strengthening the trans-Atlantic alliance on defence, health security, and space.

- The Governments of Australia, Canada, Japan, New Zealand, the United Kingdom and the United States of America endorsed a [Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies](#) and Practices at a Ministerial meeting in Paris on 8 June 2023. The joint declaration expresses parties' shared concern and affirms their commitment to enhance international cooperation in order to effectively deter and address trade-related economic coercion and non-market policies and practices.

# Regional updates

## Pacific

- Fiji Prime Minister Hon Sitiveni Rabuka was formally hosted by New Zealand for a Guest-of-Government visit last week. The visit included a mixture of community engagements, ceremonial elements, and formal bilateral meetings, which allowed him to reaffirm the strength and spirit of New Zealand and Fiji's relationship. PM Rabuka noted that his goal is to increase two-way trade between Fiji and New Zealand to \$2 Billion annually (which would nearly double current trade, if in NZD). Domestically he noted his strong desire to increase labour force participation, particularly for Fijian youth. As well as bilateral priorities, Prime Ministers Hipkins and Rabuka also discussed their vision for the region, in line with the goals set out last year in the 2050 Strategy for the Blue Pacific Continent by Pacific Leaders during the Pacific Islands Forum in Fiji.
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## Asia

- A market intelligence report on opportunities for New Zealand exporters in Viet Nam will be forthcoming. Viet Nam remains a market of considerable opportunity, with sustained demand for our premium products, in particular high-end dairy, fruit, and timber, as well as potential demand for our technology and renewable energy. Viet Nam is a consistently top-performing economy in Asia, and a commodity-exporting powerhouse. The country rebounded strongly from the pandemic, recording an 8% increase in GDP in 2022 – the fastest pace in the last 25 years – supported by exports, robust foreign direct investment (FDI) and surging domestic consumption. Rising incomes and an expanding middle class, expected to account for 50% of Viet Nam's population by 2035, have led to a growing appetite for high-value, high-quality and more health-conscious products.
  - Bilateral trade between the Philippines and New Zealand is returning to pre-pandemic levels. The rate of economic growth for the Philippines continues to exceed predictions, but nonetheless is expected to face significant slowdown as the year unfolds, due to global conditions. The coming into force of the Regional Comprehensive Economic Partnership (RCEP), together with the new legislation and the foreign visits of President Marcos Jr, are expected to increase Foreign Direct Investment into the country. The areas of significant potential in the Philippines for New Zealand business are in renewable energy, enhancing economic, environmental and social deliverables, and in back office support and skilled labour.
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## Americas

- The Bank of Canada raised its policy rate by 0.25% to 4.75% after two consecutive meetings where they had held the rate at 4.5%.
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## Australia

- Finance Minister Grant Robertson and Climate Minister James Shaw met with their Australian counterparts, Treasurer Jim Chalmers and Climate and Energy Minister Chris Bowen, for the inaugural Australia–New Zealand 2+2 Climate and Finance Dialogue on 8 June in Wellington. The Ministers discussed areas of enhanced cooperation, supporting accelerated climate action and the need to harness once-in-a-generation economic opportunities that the clean energy transformation presents for our shared Single Economic Market. Ministers released a joint statement, outlining their ambitions to accelerate cooperation on climate change.
  - The Reserve Bank of Australia surprised markets by raising interest rates by 0.25% to 4.1%. This was the 12th increase since May 2022 and was attributed to inflationary pressures remaining elevated.
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## Middle East and Africa

- Egypt has made some gains in generating foreign exchange from tourism but efforts to attract foreign direct investment remain challenging. High inflation is projected to continue well into 2024; there could be further devaluation of the Egyptian pound in the coming weeks; and three major agencies have recently downgraded their financial ratings.
  - Oil prices increased 2.2% following Saudi Arabia's decision to cut 1 million barrels of oil a day at the latest OPEC meeting early last week. The decision was made amid concerns over slowing global energy demand. Since then prices have continued to fluctuate.
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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](http://www.mfat.govt.nz/market-reports)

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