



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

15 JANUARY 2024

Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

Highlights

- The United Nations (UN) latest economic forecast[\(external link\)](#) projects a tough year ahead for the global economy. The report forecasts that the global economy will grow 2.4 percent this year, down from an estimated 2.7 percent in 2023. The report cites persistently high interest rates, the risk of further escalation of conflicts, sluggish international trade, and increasing climate disasters, as significant challenges to global growth.
- According to the UN report, New Zealand will experience well-below trend growth of 1.1 percent in 2024. This is primarily driven by an expectation of weak external demand for commodities combined with weak private consumption and investment. The UN forecasts that this will gradually improve in 2025 with growth rising to 2.2 percent as global conditions improve and monetary conditions ease.
- In New Zealand's top three export markets of China, Australia and the United States, the report paints a mixed picture. The report notes that China's economy turned a corner in the second half of 2023 and, despite continued weakness in the property sector, is

expected to post relatively strong growth of 4.7 percent in 2024. Australia's economy faces many of the same headwinds that New Zealand is facing, and is therefore expected to slow from 1.9 percent in 2023 to 1.5 percent in 2024. The United States, after beating market expectations in 2023 growing at a robust 2.5 percent in 2023, is expected to slow to 1.4 percent, as consumer spending weakens and interest rates remain high in response to sticky inflation.

- Finally the UN projects that growth in South Asia should remain robust at 5.2 percent in 2024, following an expansion of 5.3 percent in 2023. This growth has largely been driven by India, which remains the fastest-growing large economy in the world. The UN projects that India's growth will reach 6.2 percent in 2024 (slightly lower than the estimated 6.3 percent in 2023), before rising to 6.6 percent in 2025.

Regional updates

Americas

- Job growth in the United States continued its brisk pace, with the [United States Bureau of Labor Statistics \(BLS\)](#) announcing on 5 January that 216,000 jobs were added during the month of December. This gain capped a strong year for the United States' labour market, with 2.7 million jobs added during 2023.
 - However, while the labour market remains strong, inflation remains persistent. The [BLS announced 12 January](#) that the consumer price index increased at an annual rate of 3.4 percent in December (up from 3.2 percent in November).
-

Europe

- Norway has become the first country in the world to approve the controversial practice of commercial-scale deep-sea mining. It is intended to accelerate the hunt for precious metals such as lithium, scandium, and cobalt, which are in high demand for green technologies. However, the Norwegian government has said it would only begin issuing licences once further environmental studies had been conducted. Therefore, while the change could eventually open up 280,000 square kilometres of Norway's national waters to companies to apply for mining licences, it may be several years before any permits are issued.
 - Germany was hit by a wave of protests by farmers last week against the government's plans to cut agricultural subsidies. The proposed cuts were part of a package to close a 17-billion-euro gap in the Government's budget after a court ruled the Government's 2024 budget breached constitutional requirements. Farmers used tractors to block roads in cities across Germany, with around 2,000 descending on Berlin, Hamburg, Cologne and Bremen. The protests are expected to kick off a wave of strike action against the Government in the coming weeks as several sectors, including transport and education, seek higher pay as many struggle in response to cost of living pressures.
-

North Asia

- All New Zealand dairy products are now able to enter China duty free, with safeguard duties on milk powder ending on 1 January 2024. This was agreed under the New Zealand-China Free Trade Agreement (FTA) which entered into force in 2008. The removal of these remaining tariffs is estimated to deliver additional annual tariff savings of approximately NZD\$350 million. Further information on the New Zealand-China FTA and how it benefits New Zealand businesses on the [MFAT webpage](#).
-

Middle East and Africa

- Global shipping continues to face disruption amid attacks by Yemen's Houthi rebels. An estimated 30 percent of the world's containerised trade transits through the Bab al-Mandab Strait, which runs between Yemen, on the south-western tip of the Arabian Peninsula, and the African continent. [New Zealand has joined our partners](#) in condemning the attacks and is monitoring the situation. You can find updates on the MFAT website or via our social media channels.
 - With the largest amount of agricultural land on the continent, South Africa presents significant opportunities for New Zealand businesses. Importantly it also has the most developed, productive and diverse agricultural sector in the continent, comprising animal production, horticulture and field crops. As a result, agriculture has been one of the few sectors of the South African economy that has experienced continued expansion in recent years, with some estimates projecting growth of 7.6 percent over the next 5 years. Nevertheless, key challenges remain with biosecurity risks, inconsistent energy supply, and logistics constraints still key issues for the sector.
-

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

If you would like to request a topic for reporting please email exports@mfat.net

To get email alerts when new reports are published, go to our [subscription page](#).

To learn more about exporting to this market, New Zealand Trade & Enterprise's comprehensive [market guides](#) cover export regulations, business culture, market-entry strategies and more.

To contact the Export Helpdesk

email exports@mfat.net

call 0800 824 605

visit Tradebarriers.govt.nz

Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.