



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

Weekly Global Economic Round-up



MARKET REPORT

27 February 2023

Highlights

- **Prime Minister Hipkins enjoyed a warm meeting with Prime Minister Albanese** in Canberra on 7 February, which mainly focused on domestic political issues and personal relationship building. During the media stand up, Albanese spoke of the “deep friendship” between our countries and looked forward to the 40th anniversary of the Closer Economic Relations (CER) Agreement this year. Prime Minister Hipkins also attended a business roundtable event and was welcomed onto the floor of the Australian Parliament.
- The Republic of Korea is experiencing an economic slowdown, reporting negative growth in Q4 2022 and its first trade deficit in over ten years. GDP growth this year is expected to remain positive but low, and the cost of living is noticeably increasing. Experts predict the economy will accelerate again in the second half of this year. Despite the gloomy outlook, New Zealand businesses are finding opportunities for growth and innovation. **To continue their recent success, New Zealand exporters need to continue investing in marketing and brand strengthening, consolidating their in-country partnerships (preferably through in-person visits) and finding ways to add value to their products.**
- The **New Zealand Government has announced further support for the ongoing disaster response to Cyclone Gabrielle.** The national state of emergency was extended, and Finance Minister Grant Robertson announced \$300 million in initial funding for businesses and emergency repairs to transport networks. [A new recovery visa will also be introduced to provide additional specialist workers to support the recovery.](#)

Regional updates

Global:

New Zealand has again been ranked second in the 2022 Economist Democracy Index, which provides a snapshot of the state of democracy in 165 countries. Norway holds onto first place, with Australia 15th (down 6 places since 2021), the UK 18th and the USA 30th (down 4 places). **Compared with last year, New Zealand scored the same or better in each of the five categories, with full marks for electoral process, political participation and civil liberties and slightly lower marks for functioning of government and political culture.**

On 21 February, New Zealand chaired the first Senior Officials Meeting (SOM1), held virtually, for our year as CPTPP host. The meeting allowed for discussion on our proposed key initiatives for the year, including on digital trade facilitation, the green economy, and progressing the CPTPP General Review – with a particular interest for New Zealand in looking at the e-commerce chapter with respect to indigenous data

Domestic:

The Ministry of Business, Innovation and Employment continue to support affected RSE workers and employers following the devastation of Cyclone Gabrielle. Immigration New Zealand have been seeking 27 February 2023 Weekly Global Economic Round-up Market Report Weekly Global Economic Round-up Market Report information from Pacific Labour Sending Units to monitor a rolling seven-day window of incoming workers, to ensure suitable accommodation and employment is in place. Policy work is also underway to consider industry's request to channel some RSE workers towards clean-up.

Americas

The United States has rejected the Russian Federation's request to participate as a third party in the consultations of the ongoing WTO trade dispute between China and the United States. The dispute is in regards to Washington's export controls toward China in the arena of semiconductor manufacturing items and other items

Asia

The Philippine economy continues to grow (posting 7.2% growth in 2022, one of the highest in ASEAN) and the new Marcos Jr Administration has unveiled an ambitious economic agenda and strategy that prioritises food security, energy security and government reform. Since the second half of 2022 there has been a demonstrable lift in New Zealand business activity in the Philippines. The New Zealand Embassy in Manila has conducted a series of engagements with government, private sector and multilateral agencies in the Philippines, as well as re-engagement with the Philippines/New Zealand Business Council, to support growing interest from New Zealand exporters in the Philippine market.

The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) Upgrade negotiations have now concluded. The outcomes achieved will ensure this important FTA remains a modern, high-quality agreement that meets the needs of New Zealand businesses today. This includes delivering better conditions for investors and service providers, more streamlined customs procedures, and stronger e-commerce rules. The Upgrade has also been an opportunity to ensure AANZFTA reflects New Zealand's commitment to a trade policy that is progressive, inclusive, and sustainable. New Zealand has championed the inclusion of a chapter on Trade and Sustainable Development, a first for any ASEAN FTA. Through this chapter parties have agreed to cooperate on issues including the environment, labour standards, and women's economic empowerment.

Australia:

On 6 February Australian Trade Minister Don Farrell met with his Chinese counterpart Minister Wang Wentao. The meeting covered the bilateral trade and economic relationship. Minister Farrell has accepted an invitation by Minister Wang to visit China at some point in the future.

Europe:

Prime Minister Hipkins spoke with UK PM Rishi Sunak on 14 February. The call lasted about 20 minutes, covered a range of bilateral and international issues, and was open and friendly. On trade, PM Sunak said he is supportive of quick entry into force of the bilateral NZ-UK FTA.

The superyacht industry continues to buck global trends - with demand picking up since the beginning of the COVID pandemic and holding strong even in the current tough global economic environment. This stands true for the superyacht industry in the Netherlands. Demand is forecasted to remain strong, but the industry expects consumer preferences to change. With a new generation of billionaires taking the stage, the sector will have to adapt accordingly, focusing on less "flashy" but more high-tech vessels, and with an eye for sustainability.

Despite the sector facing challenges in terms of public image, labour shortages, and supply chain issues, there is room for growth and opportunities for New Zealand businesses. These include in sustainable innovations, refitting and maintenance of superyachts in New Zealand and establishing strong international connections. A full market report on these opportunities will be published in the coming weeks.

Market reports released this week

- The previous global economic round-up can be found [here](#).
- [Thailand economic and market update - February 2023](#)
- [China market update: out with the tiger and in with the rabbit – prospects for China's economy in 2023](#)
- [China removes COVID-era recognition for distance learning - February 2023](#)

More info

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