



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

3 JULY 2023

Weekly Global Economic Round-up

MARKET INTELLIGENCE REPORT

Highlights

Prepared by the Economic Division at the Ministry of Foreign Affairs and Trade.

- Prime Minister Chris Hipkins met with China's leaders last week in Beijing, in the first leader-level visit to New Zealand's largest trade partner since 2019. The Prime Minister [released a joint statement](#) and signed cooperative arrangements on trade, agriculture, forestry, education, and science and innovation.
- On 27 June leaders of European Union member states formally approved the signature of the EU-NZ free trade [agreement](#).
- New Zealand-China air connectivity will increase by 7,000 seats per month from November. China Southern has [announced](#) that it will reinstate the pre-covid Guangzhou-Christchurch route and add three additional services per week between Guangzhou and Auckland.
- The Bank of International Settlements [described](#) the global economy as being at a “critical and perilous juncture” as policymakers seek to manage financial vulnerabilities and bring inflation under control. The Bank also warned that “inflation could well turn out to be more stubborn than currently anticipated”.

Regional updates

Domestic

- The number of filled jobs [rose](#) 3.7% year-on-year in May 2023, pointing to solid growth and to migration not fully meeting labour market shortages.
 - The Government [announced](#) \$128m in additional funding for tertiary education.
 - [Hamish Marr](#) took up the role of New Zealand's Special Agricultural Trade Envoy on 1 July.
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Global

- The heads of US, UK and European central banks told a conference in Portugal that further rate hikes may be needed to bring inflation into target bands in the face of tight labour markets.
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Americas

- US Federal Reserve Chair Jerome Powell expressed optimism about the US economy, describing it as “quite resilient” and “still growing, albeit at a modest pace”. He acknowledged that while a recession is still possible, it is “not the most likely case” and that wage pressures are “definitely coming down”. Powell's comments followed a suite of stronger than expected recent numbers on US durable goods orders, new home sales, and consumer confidence.
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Asia

- China's premier Li Qiang told the World Economic Forum's annual China conference that his country was on track to meet its goal of 5% annual growth for 2023, with a “clear momentum of rebound and improvement” following 4.5% growth in the first quarter of the calendar year.
- Japan and the European Union [agreed](#) a set of Digital Trade Principles and committed to strengthen their cooperation on supply chain resilience for semiconductors and other critical materials.

- Sri Lanka's government has agreed a proposal to restructure US\$42 billion of domestic debt under the terms of its US\$3 billion IMF bailout. The proposal will be submitted to parliament for approval. Sri Lanka remains in negotiations to restructure US\$42 billion of foreign debt.
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Australia

- Treasurer Jim Chalmers announced that Australia's budget surplus for 2022/23 – the first for fifteen years – will be higher than forecast in May. Chalmers predicted 1.5% growth in GDP for 2023/24, down from 3.25% this year.
 - Australian economic data released this week has been solid. The monthly consumer price index eased to 5.6% year-on year in May, down from 6.8% in April. Retail sales increased 0.7% month on month in May, beating expectations. Job vacancies fell 2% to 431,600 in the three months to May, the fourth straight quarter of decline, but remain 89% above pre-pandemic levels.
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Europe

- The EU released its first-ever [Economic Security Strategy](#), which “focuses on minimising risks arising from certain economic flows in the context of increased geopolitical tensions and accelerated technological shifts, while preserving maximum levels of economic openness and dynamism.”
 - The EU has reportedly rejected a US proposal of measures to end Trump-era tariffs on European steel and aluminium. European trade commissioner Valdis Dombrovskis will travel to Washington for talks next week. In the absence of an agreement both US tariffs and EU retaliatory measures will snap back into force in October.
 - The EU [announced](#) its eleventh package of sanctions on Russia, including tightening criteria for designating those whose activities circumvent sanctions.
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Pacific

- Fiji has validated the blueprint for a new **single-window trade system** to simplify Fiji Government trade procedures by allowing electronic submission of trade related information to government agencies. The move towards a single window is in line with Fiji's commitments under the WTO Trade Facilitation Agreement.
- Majestic Seafood Corporation Ltd has closed a tuna cannery in Lae, Papua New Guinea (PNG) with more than 5,500 redundancies following price increases due in part to supply chain issues between vessels and processing plants. PNG has recently

introduced a Vessel Day Scheme (VDS) and rebates to incentivise in-country processing, and is developing policies to increase the socio-economic benefits from the tuna industry and to support supply chain resilience.

Market reports released this week

- The previous global economic round-up can be found [here](#).
 - Mexico Agriculture Update
 - The Netherlands' Semiconductor Industry
 - Foreign direct investment in Ireland
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Feedback

We welcome feedback from New Zealand exporters on this report and invite requests for reporting from New Zealand's network of Embassies and High Commissions. If you would like to subscribe to this weekly update, you can sign up [here](#) or email us at exports@mfat.net

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

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