



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

Trade and economic updates

Global

AI set to reshape trade and widen inequality unless managed carefully

A recent report from the World Trade Organization predicts that artificial intelligence could lift global trade by around thirty-five percent and boost world gross domestic product by twelve to thirteen percent by 2040 [WTO Report on AI](#). However, the report cautions that without broader access to digital infrastructure and inclusive regulation, lower income countries may lag further, widening existing inequality. Trade rules last updated in the 1990s are now deemed insufficient to handle these fast-moving changes in technology and global commerce. [Reuters](#)

Mercosur signs broad trade pact with European non-EU states

South America's Mercosur bloc—comprising Argentina, Brazil, Paraguay, and Uruguay, has formalised a free trade agreement with four European countries outside the European Union: Iceland, Liechtenstein, Norway, and Switzerland. The deal covers goods, services, investment, and intellectual property rights and is expected to boost market access for exports between the parties. With over four hundred million people now involved in this expanded trading zone and more than four trillion US dollars in combined economic output, this pact will reshape trade flows between Latin America and Europe. [AP News](#)

India aiming high: export growth and economy expansion

India's Commerce Minister has announced a target of six percent export growth for 2025 versus 2024, signalling confidence even as global headwinds persist. Alongside this, India is positioning itself for long-term growth, aspiring to scale from a four trillion US dollar economy to one exceeding thirty trillion US dollars over coming decades. Structural reforms, macroeconomic stability and expanded trade relations are being cited as the foundation for that ambition. [The Times of India](#)

U.S. Retail Sales Strong Despite Labor Market Headwinds

Retail spending in the United States rose 0.6 percent in August fuelled by gains in core retail categories and strong activity at food services and restaurants. However, inflation-adjusted sales were weaker, and signs of labour market softness—such as a weaker job growth report and rising unemployment—contrast with consumer spending strength. These mixed signals suggest that while households are still spending, rising prices and employment uncertainty may dampen momentum. [Reuters](#)

Domestic

New Zealand: GDP Contraction

The New Zealand economy shrank by 0.9 percent in the June-quarter of 2025, worse than the 0.3-0.4 percent forecast [Reuters+2RNZ+2](#). This marks the third contraction in the past five quarters, with the economy also down 1.1 percent compared to a year ago. [RNZ](#). The most significant declines were seen in goods-producing sectors—construction, manufacturing, primary industries—while services were flat. [1News+1](#) In response, banks and economists are increasingly backing steeper cuts to the Official Cash Rate, including a 50-basis point reduction in October. [Mortgage Professional+1](#)

FIT Partnership Launched

New Zealand has joined fourteen other countries in launching the Future of Investment and Trade (FIT) Partnership. The plurilateral initiative brings together small and medium-sized trade-dependent economies and is designed to address emerging trade issues and generate trade and investment opportunities. The FIT Partnership will provide a platform for members to develop, pilot and run practical trade and investment projects, with initial priority areas including supply chain resilience, investment facilitation, the reduction of non-tariff barriers and the adoption of trade technologies. The current list of members is: Brunei, Chile, Costa Rica, Iceland, Liechtenstein, Morocco, New Zealand, Norway, Panama, Rwanda, Singapore, Switzerland, the United Arab Emirates and Uruguay. To find out more about the FIT Partnership, please follow the link: [NZ-Singapore-UAE-Switzerland launch new investment and trade partnership | Beehive.govt.nz](#)

WTO Agreement on Fisheries Subsidies

On 16 September, World Trade Organisation (WTO) members celebrated the landmark introduction of new global trade rules for fisheries. The WTO Agreement on Fisheries Subsidies, a new binding agreement between signatories, will reduce unfair subsidies that distort the market and disadvantage responsible producers. It is the first multilateral trade agreement to focus on the environment. It will deliver on New Zealand's long-standing push for global reform and will allow New Zealand businesses to compete on a level playing field while also protecting global fish stocks. The More information on the Agreement on Fisheries Subsidies can be found here: [Levelling the playing field for fish exporters | Beehive.govt.nz](#)

Americas

Public consultation on the US-Mexico-Canada Agreement (USMCA) review launched
On 16 September 2025, the Office of the U.S. Trade Representative (USTR) issued a [press release](#) announcing the launch of domestic public consultation in preparation for the review of the United States-Mexico-Canada Agreement (USMCA). Mexico's Economy Minister Marcelo Ebrard announced the commencement of Mexico's own public consultation process via a [post](#) on X, also shared on 16 September. Canada later announced the launch of its public consultations via a [press release](#) on 19 September. The US, Mexico, and Canada will begin the joint review of the agreement on 1 July 2026. The USMCA entered into force on 1 July 2020, replacing the North American Free Trade Agreement (NAFTA). According to the USTR, total US trade in goods and services with USMCA partners amounted to an estimated US\$1.8 trillion in 2022.

MERCOSUR and EFTA sign free trade agreement

On 16 September 2025 MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay) and the EFTA (Iceland, Liechtenstein, Norway, and Switzerland) signed a Free Trade Agreement (FTA) in Rio de Janeiro, Brazil. According to a [joint statement](#) issued by MERCOSUR and EFTA States, 'The FTA will create a free trade zone of almost 300 million people and a combined GDP of more than USD 4.3 trillion. Both sides will benefit from improved market access for more than 97% of their exports'. Negotiations for the FTA were launched with a first round in June 2017 in Buenos Aires, and 14 rounds of negotiations were held in total.

North Asia

South Korea Elevates Maritime and Food Industries as Key National Priorities

South Korea has officially named the expansion of its maritime industry and the growth of food exports as national trade and economic policy tasks. President Lee Jae-Myung has made the decision to move the Ministry of Oceans and Fisheries to the country's second largest city Busan by the end of the year, transforming the port city into a global hub for northern maritime routes. Meanwhile, the agriculture sector has been targeted for strategic growth, with a goal of increasing food exports from about NZ\$16.7 billion rising to NZ\$25.1 billion by 2030.

External links

The following links may provide useful information to businesses:

- [NZTE's website](#) and [myNZTE](#) provide a range of insights and tools available to support 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.
- Tatauranga 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

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To contact the Export Helpdesk

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