



**NEW ZEALAND**  
**FOREIGN AFFAIRS & TRADE**  
Manatū Aorere

**27 MARCH 2023**

# **Weekly Global Economic Round-up**

A MARKET INTELLIGENCE REPORT

# Highlights

- The OECD's latest Interim Economic Outlook presents a slightly more optimistic picture for the global economy than in its last publication in November. Global growth slowed to 3.2% in 2022, well below expectations at the start of last year, held back by the impacts of the war in Ukraine, the cost-of-living crisis, and the slowdown in China. Positive signs have however started to emerge across major economies, with business and consumer sentiment improving, food and energy prices falling, and economic recovery in China, following the relaxation of its zero-COVID policies. The OECD expects global growth to remain below its long-run average over the next couple of years (2.6% in 2023 and 2.9% in 2024) as central banks' efforts to rein in inflation via higher interest rates continues to take effect. Nonetheless, growth is expected to be slightly stronger than previously projected, with a gradual improvement expected as the drag on incomes from soaring inflation recedes.

- The Australian Productivity Commission's 5-Yearly Productivity Inquiry was released on 17 March. The report notes that Australia's productivity growth is now at a six-decade low and risks jeopardising future increases in real wages if not addressed. The report makes 71 recommendations across 29 reform directions, grouped into five themes - building an adaptable workforce, harnessing digital tech and diffusing innovation, creating a more dynamic economy, lifting productivity in the non-market sector and securing net-zero emissions at least cost. Headline recommendations include trialing a new visa to bring in low-paid care workers from overseas, significantly expanding the coverage of the Government's carbon price mechanism (i.e. Safeguard Mechanism), and reducing the gap between the 30% corporate tax rate and the top marginal income tax rate of 45% to incentivise work and limit tax planning. Treasurer Jim Chalmers welcomed the report, noting that "while we won't be taking up every idea, or progressing those [...] which conflict with our values and priorities" they are already progressing "in some form" more than two-thirds of the 29 reform directives outlined. The full report is available on the Productivity Commission website

# Regional updates

## Domestic

The New Zealand Government is launching a pilot to encourage people aged over 50 with innovative business ideas to receive support to advance their ideas. The [Senior Enterprise Pilot Programme](#), will be offered free in five locations, with the aim of tapping into the creativity and drive of older New Zealanders.

A [cross-government target](#) for relevant government procurement contracts for goods and services to be awarded to Maori businesses annually will increase to 8%, after the initial 5% target was exceeded. The progressive procurement policy was introduced in 2020 to increase supplier diversity, starting with Maori businesses, for the estimated \$51.5 billion spent on government procurement every year.

The Government is continuing to invest in projects in the Central Otago District as part of an ongoing strategy to diversify its economy beyond tourism. \$2.9 million convertible loan for Scapegrace Distillery to meet growing national and international demand; \$4.5m underwrite to support Silverlight Studios' project to establish a film studio in Wanaka; and Gore's James Cumming Community Centre and Library to be official opened tomorrow with support of \$3m from the COVID-19 Response and Recovery Fund.

---

## Asia

Foreign Minister Nanaia Mahuta departed for China last week, where she met with her counterpart, State Councilor and Foreign Minister Qin Gang, in Beijing. This marks the first visit by a New Zealand Minister to China since 2019, and follows the easing of COVID-19 travel restrictions between New Zealand and China. During her two days in Beijing, she also engaged with a range of stakeholders in the bilateral relationship.

---

# Europe

United Kingdom inflation increased to 10.4% in February. This was far above market expectations of 9.8% according to the RBNZ. The most significant increase came from food prices and the impact of higher energy prices. Core inflation also increased to 6.2%.

Credit Suisse and UBS have entered into a merger following the intervention of Swiss authorities. UBS agreed to purchase Credit Suisse for \$3.2 billion USD. The Swiss National Bank pledged a loan of up to \$108 billion USD to support the takeover.

---

# Americas

The US Federal Reserve increased its interest rate by 0.25% last week from 4.75% to 5%. This was the ninth consecutive interest rate rise from the Fed. The announcement states that the “US banking system is sound and resilient”, despite concerns following the collapse of Silicon Valley Bank and Signature Bank earlier in the month.

The US Court of International Trade has issued a decision upholding the Section 301 tariffs imposed on a range of Chinese products. The tariffs were implemented during the Trump Administration but have been maintained under the Biden Administration. In a case first filed in 2020, 3,600 companies had challenged the tariff measures on the basis that they violated the Administrative Procedure Act, but the CIT rejected this argument.

Canadian inflation came in at 5.25 for the month of February, lower than market expectations of 5.45 according to the Bank of Canada. Core inflation also reduced to 4.7%.

---

# Pacific

**Fiji’s Deputy Prime Minister (and Trade Minister), Hon Manoa Kamikamica, visited Auckland and Wellington for a week for a trade and investment mission (from 20-24 March).** New Zealand Officials took the opportunity to provide Minister Kamikamica with a series of Ministerial (MTEG and MSTEG) and officials calls (on trade and Ease of Doing Business). During keynote addresses to the investment mission, the Minister emphasised that Fiji was open for business and keen to attract foreign investment. Minister Kamikamica emphasised that the new government was focused on the rule of law, and ensuring that appropriate justice processes would be followed moving forwards.

---

# 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)

If you would like to request a topic for reporting please email [exports@mfat.net](mailto: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](mailto:exports@mfat.net)

call 0800 824 605

visit [Tradebarriers.govt.nz](http://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.