



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

**3 APRIL 2023**

# Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

# Highlights

- Tuesday 28 March marked the [40th anniversary of Closer Economic Relations \(CER\)](#), our gold standard free trade agreement between New Zealand and Australia. CER represents 15 per cent of our exports and we seen a 12 percent increase in two-way trade with Australia from \$26 billion in 2017 to \$29 billion in 2022.
- New Zealand welcomes the substantial conclusion of negotiations on the United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The UK's accession to the bloc will complement the gold-standard outcomes of the NZ-UK FTA, which will mean that 99.5 per cent of New Zealand's current goods exports to the UK will be duty free from entry into force. At full implementation, exports are expected to grow by over 50%, and GDP by up to \$1 billion.
- Further assistance is now available to businesses impacted by Cyclone Gabrielle, with [Customs able to offer payment plans](#) and to remit late-payments.

# Regional updates

## Domestic

- Eligible New Zealand businesses can now apply for a [15 percent tax credit for Research and Development](#). New Zealand Minister of Research, Science, and Innovation Ayesha Verrall announced the ‘in-year’ payments of the Research and Development Tax Incentive (RDTI) are now open. The in-year payments will be provided through an interest-free government loan, with cash payments at regular intervals during the year based on the business’s R&D expenditure. Read more here.
  - A law passed by Parliament last week exempts employers from paying fringe benefit tax on certain [low emission commuting options](#) they provide or subsidise for their staff. Environment Minister David Parker expects the law to level the playing field for locally-owned businesses.
  - The new Recovery Visa to help bring in additional migrant workers to support cyclone and flooding recovery has attracted over [600 successful applicants](#) within its first month.
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## Global

- The Intergovernmental Panel on Climate Change (IPCC), the UN body responsible for assessing the latest science on, impacts of, and pathways to address climate change, has released its latest synthesis report. The World’s leading scientists highlight the urgency and scale of action required, and also directly link our collective action to losses and damages that have already, and will continue to occur. The report stresses that current Nationally Determined Contributions (NDC’s) fall short to limit warming to 1.5 degrees, and that action taken this decade will largely determine if we can get back on track. In a moment of hope, the report finds a liveable future for all is possible, we have a clear path and all the technology needed – we just need to choose to take that path.
- The second full round of negotiations for the Indo-Pacific Economic Framework was hosted by Indonesia in Bali, 13-19 March. The agenda covered all four pillars (trade, supply chains, clean economy and fair economy) and focused heavily on negotiating text of the eventual agreement.

- The World Trade Organization (WTO) is encouraging WTO members to diversify their supply chains to business-friendly developing countries. The WTO Director General said countries such as Brazil, Viet Nam, India, Indonesia and Morocco should be considered as attractive additions to global supply chains.
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## Asia

- Chinese President Xi Jinping visited Russia from 20 to 22 March, where he met with Russian President Vladimir Putin. The presidents signed and issued joint statements on “deepening the comprehensive strategic partnership of coordination for the new era” and a development plan on “priorities in China-Russia economic cooperation”.
  - India’s economy – the fifth largest in the world – continues to perform strongly against global economic pressure, particularly relative to its peers with large economies. The Indian Government presented a Budget in February that builds on its second term economic policy agenda: large capital expenditure, especially on transport-related infrastructure, and maintaining macroeconomic stability through fiscal restraint.
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## Europe

- German consumer confidence rose slightly from -30.6 to -29.5, slightly better than market expectations according to the RBNZ.
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## Americas

- US Consumer Confidence showed no sign of slowing, despite the recent banking collapse, as it rose to 104.2 in March against economists’ predictions of a fall to 101.0. This is positive news for New Zealand exporters.
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## Australia

- Australian monthly inflation reduced from 7.4 percent in January to 6.8 percent in February, below market expectations of 7.2 percent. The RBNZ reports market pricing currently favours a pause in interest rate increases and a cut by the end of the year.

- On 28 March, the Australian Senate passed the \$15 billion National Reconstruction Fund legislation. Australia was ranked the worst in the OECD on manufacturing self-sufficiency. This fund is aimed at broadening Australia's domestic industrial base and reducing the nation's dependence on imports. The fund has been designed to invest in renewables and low emissions technologies; medical science; transport; value-add in agriculture, forestry and fisheries; value-add in resources; defence capability; and enabling capabilities.
- Labor has won the NSW State Election held on Saturday 25 March. This puts an end to 12 years of Coalition Government and sees Chris Minns become the 47th Premier of New South Wales. Labor did better than the public opinion polls leading up to the election had suggested, winning at least 7 seats from the Coalition. At time of writing, it remained unclear if they would be able to form a majority government, however it has already secured necessary confidence and supply agreements from the cross benches. The election was dominated by voter concerns about the cost-of-living crisis, housing affordability, and pay and conditions for front-line public service workers. While traditional Independent candidates generally performed well, the recent phenomenon of Teal Independents was not the decisive factor it had been in the 2022 general election.

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## Market reports released this week

- Read the [previous global economic round-up](#)
- [How trade is a force for good in a cost of living crisis – March 2023](#)

# 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.
- 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](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)

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