



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Highlights

- The World Bank published its latest [Commodity Markets Outlook](#) which provides a preliminary assessment of the potential near-term implications of the latest conflict in the Middle East on commodity markets. The report found that the effects of the conflict should be limited. This is based on an assumption that the conflict doesn't widen. The report projects that oil prices will decline from \$90 (United States Dollars) a barrel to an average of \$81 a barrel next year. It also projects that prices for agricultural, base metals, and other commodities are expected to decline next year before stabilising in 2025.
- However, the report also found that the outlook for commodity prices would darken quickly if the conflict were to escalate, particularly in the oil market. The report found that a major escalation of the war into a broader Middle East conflict potentially create a broader global energy shock, particularly as the global economy is still grappling with the disruptions already caused by Russia's war in Ukraine.
- A push to conclude Free Trade Agreement negotiations between Australia and the European Union (EU) over the weekend of 28-29 October was unsuccessful. Australia's Trade Minister Farrell was due to meet with EU Trade Commissioner Dombrovskis on the margins of the G7 meeting in Osaka, in what had been widely reported as a potential "end game" for the talks. In public statements both parties cited disagreement over agricultural market access for the failure to conclude at this time. The Osaka meeting was seen as a "last chance" for conclusion of a deal ahead of the EU parliamentary elections in June next year.

Regional updates

Domestic

- New Zealand's unemployment rate rose to 3.9 percent in the September 2023 quarter, up from 3.6 percent, according to figures released by [Stats NZ](#) last week. Stats NZ also noted that the underutilisation rate (which is a broader measure of spare labour market capacity) rose to 10.4 percent during the same period (up from 9.9 percent).
 - The Reserve Bank released its six-monthly [Financial Stability Report](#). The report noted that many New Zealand households and businesses are already facing higher debt servicing costs, with around two-thirds of mortgage debt that was fixed at the start of the pandemic having rolled over to higher rates. This squeeze is likely to continue as the average rate is expected to reach 6.4 percent by mid-2024 (up from an average of 2.9 percent in late 2021) and the average share of disposable income going on interest payments rising from 9 percent to around 18 percent by the middle of next year.
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Pacific

- The Pacific Sustainable Tourism Standard (PSTS) was officially launched on 17 October by the Pacific Tourism Organisation at the Second Pacific Sustainable Tourism Leadership Summit in French Polynesia. PSTS sets a new benchmark in sustainable tourism practices which have been embraced by tourism organisations involved throughout the region. The criteria have been developed with the Global Sustainable Tourism Council to meet global standards. These practices have been embraced by tourism organisations across the Pacific and are in line with global metrics stepping towards more responsible and sustainable tourism practices. The implementation phase of the PSTS involves raising awareness and implementing training programmes, ensuring the standards are effectively integrated into the operations of national tourism organisations and tourism businesses across the Pacific.
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Americas

- On 30 November, President Joe Biden issued an Executive Order establishing a series of new standards aimed at managing the risks posed by artificial intelligence (AI). The Order will require new safety assessments from companies developing AI models, as well as require federal agencies to take a number of actions to ensure that AI does not promote algorithmic discrimination.
 - It is the latest in a series of steps taken by the United States Government to promote the safe and responsible development and use of AI. As the market leader in AI (a sector estimated to be worth \$200B US dollars globally), United States domestic AI regulations will likely influence the direction of regulations globally.
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Europe

- Official data released last week showed that Europe's economy continues to stagnate. On 30 October, Germany's Federal Statistical Office showed that output fell by 0.1 percent in the third quarter, raising the risk Europe's largest economy could fall into recession. This was followed by data released on 31 October by [Eurostat](#), the EU's statistics office, which showed that the euro area economy as a whole (which refers to the 20 countries that use the euro) fell 0.1% in the July-to-September quarter.
 - The one bright spot for Europe was that Inflation across the euro zone dropped to a two-year low of 2.9% in October, down from 4.3% the previous month.
 - Though Europe's economy faces challenges at a regional level, an analysis by MFAT suggests that France is increasingly becoming an attractive market for business investment. Recent changes enhancing France's economic and regulatory settings for businesses have resulted in France being the largest recipient of foreign direct investment across Europe for four years in a row. Further information about these changes and what this means for New Zealand businesses can be found linked in the Market reports section below. [France – a growing business and investment hub in Europe – October 2023](#)
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Trade and economic security

- On 29 October, G7 trade ministers released a joint statement outlining their commitment to strengthen cooperation to safeguard supply chains for essential items such as energy and food. The joint statement was released after talks in Japan and also criticised Russia's "destruction of Ukrainian grain export infrastructure" and also called out (without naming countries) "actions to weaponise economic dependencies".
 - This joint statement follows a G7 summit in Hiroshima in May of this year where participants called out states seeking to use economic coercion and committed to enhancing economic resilience by fostering mutually beneficial partnerships.
 - The Organisation for Economic Co-operation and Development released its [Agricultural policy monitoring and evaluation 2023](#). The report found that total government support to agriculture reached record levels of USD 851 billion per year during 2020-22 for the 54 countries, as governments sought to shield consumers and producers from global crises and high inflation. The report found that support remains highly concentrated in a few large producing economies, with China, India, the United States and the European Union representing 36%, 15%, 14% and 13% of total support provided, respectively.
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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

If you would like to request a topic for reporting please email exports@mfat.net

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