

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.

Domestic Updates

- The **conflict in Ukraine** is adding to considerable uncertainty globally. For **New Zealand**, while the immediate direct economic impacts of the conflict appear relatively modest, the **indirect effects are potentially substantial** as higher petrol prices add to **inflation, slow household spending, and dampen sentiment**.
- Significantly **weaker global demand**, driven by the **Russia-Ukraine conflict**, is anticipated to **lower export prices and result in a fall in the New Zealand dollar, pushing up import costs and adding to inflation**. To date the NZ dollar and export prices have held up well. The **NZD/USD ended last week around \$0.679** up from around \$0.670 at the start of the week, supported by export price strength.
- The **Reserve Bank of New Zealand's (RBNZ)** decision to **raise the OCR from 0.75 percent to 1.0 percent** highlighted the **risk of inflation expectations rising further** and requiring a tighter policy stance to return inflation to target. The accompanying economic projections **showed inflation of 6.6% and 6.3% in the March and June quarters** respectively, but the Reserve Bank has acknowledged that recent petrol price increases mean inflation is likely to be even higher.
- The **British New Zealand Business Association (BNZBA)** is hosting a **panel discussion on 'The Challenges of the Supply Chains' on Wednesday 23 March. You are invited** to hear the expert panel discuss the challenges and the future outlook for New Zealand's inward, outward and domestic movement of goods and take the opportunity to get your questions answered. [Please register your interest here.](#)

Regional Updates

Australia and the Pacific

- **New Zealand Trade and Enterprise (NZTE)** and the **Australian Trade and Investment Commission (Austrade)** have **launched a new initiative to help Australian, New Zealand and Pacific companies** grow their engagement and partner more effectively on infrastructure projects in Pacific countries. **The Pacific Project Series** is a programme of **regular webinar briefings** led by NZTE and Austrade on **major Pacific infrastructure projects** ahead of their release to market.
- The series' aim is to **give companies better visibility of project pipelines and opportunities within commercially meaningful timeframes**, as well as to improve infrastructure delivery in the region by broadening the pool of prospective suppliers, and to encourage greater collaboration and partnerships between Australian, New Zealand and Pacific companies.
- On Thursday 3 March **Western Australia (WA)** **opened its borders** to allow fully vaccinated travellers from interstate and overseas to enter without self-isolation or managed hotel quarantine. WA's borders had been closed to domestic and international visitors since April 2020. All international travellers must have received at least two doses of an approved COVID-19 vaccine in order to visit WA, while domestic Australian visitors are required to have had three.
- On Monday 7 March **Australian Prime Minister Morrison** [addressed](#) the **Lowy Institute** on the situation in Ukraine, the implications for the Indo-Pacific, and Australia's response.

Asia

- **Japan's Omicron-driven sixth wave of COVID infections peaked in early February with over 100,000 daily cases nationwide.** A month later daily case numbers have fallen but still remain elevated at over 60,000 per day. In a significant move last week, **Japan announced a major easing of border restrictions:** allowing the return of foreign students and **business travellers (but not tourists); removing self-isolation on arrival requirements for vaccinated travelers from low risk destinations;** and doubling the cap on the number of daily arrivals to 7,000.
- As a result of New Zealand's announcement that self-isolation requirements for returning New Zealanders will be removed, NZTE Tokyo is starting to receive inquiries **from businesses in New Zealand interested in traveling to Japan** to engage with commercial partners face to face.

Europe

- The **ongoing Russia-Ukraine conflict has** continued to create market volatility. Reports the US, European allies and Japan were considering a Russian oil embargo caused **crude oil prices to rise as high as \$140/bbl** on Monday. The sharp rise in global energy prices is **likely to slow global consumer spending growth.** The situation is fluid and **furt her volatility is expected.**
- The New Zealand Government has passed a **Russia Sanctions Act**, which will allow sanctions against a wide range of individuals and entities that are responsible for, or associated with, actions that threaten Ukraine's sovereignty or territorial integrity. It will also allow **Aotearoa New Zealand to sanction individuals and entities that are of economic or strategic relevance to Russia.** The specific persons, assets or services that will be targets for sanctions will be designated under Regulations which are expected to be introduced from next week. **Full information relevant to exporters will be made available once the regulations are passed**

Americas

- On Tuesday 1 March the **Office of the United States Trade Representative (USTR) published its first strategic plan since 2013.** The plan expands on the Biden Administration's commitment to **making trade policy more inclusive.** It emphasises expanded domestic engagement to ensure broad public participation in policy formulation and the need for trade policy to deliver for underserved and marginalised US communities. As part of the USTR's partner consultations, **MFAT shared New Zealand's Trade For All Agenda approach and experience.**
- This week **New Zealand diplomats are returning to the Embassy in Brasilia.** For context, the Embassy moved to a remote-management model in August 2020 due to in-country COVID-19 risk and broader resourcing constraints. The re-formed team will **focus on refreshing and strengthening on-the-ground relationships, addressing market access and other issues for New Zealand exporters.** The Embassy itself is not scheduled to re-open to the public until mid-year.

Africa

- **South Africa Finance Minister Enoch Godongwana** delivered his **first national budget** on 23 February, which reasserts his **commitment to a course towards growth and fiscal sustainability** from last year's medium-term budget policy statement or "mini-budget". The budget provides some **tax relief and temporary increases in social welfare.**

Market reports released this week

- The previous global economic round-up can be found [here](#).
 - ['United Kingdom: Logistical and Supply Chain Challenges'](#)
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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.

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

To contact the Export Helpdesk

Email exports@mfat.net

Call 0800 824 605

Visit Tradebarriers.govt.nz

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