

Prepared by the Economic Division at the Ministry of Foreign Affairs and Trade

Highlights:

- **New Zealand and the European Union concluded negotiations on a free trade agreement on 30 June, unlocking access to one of the world's largest and most lucrative markets.**
- A summary of research on the **impacts, trends and effects of non-tariff barriers (NTBs) on exports from New Zealand** has been published on MFAT's website.
- The **United Kingdom Free Trade Agreement Legislation Bill** was introduced to the House on **22 June**.

Regional Updates

Europe:

- On 30 June 2022, **New Zealand and the European Union concluded negotiations on a free trade agreement**. This FTA creates new opportunities, cuts costs through more favourable access to the EU, and will play an important role in our Trade Recovery Strategy. Economic modelling estimates that **New Zealand's GDP will be up to \$1.4 billion higher once the FTA is fully in effect**.
 - 91% of New Zealand's current trade into the EU will enter duty free from day one through tariff elimination and duty-free quotas. **When fully implemented after seven years, 97% of current trade will enter the EU duty-free**. In addition, the FTA will create the conditions for New Zealand trade to grow in areas where it has been significantly constrained due to limited WTO quota access and high tariffs, particularly dairy and beef.
 - As a result of the FTA, **New Zealand exporters will be able to compete on a more level playing field in the EU market**, particularly against other global exporters who have already secured free trade deals with the EU. New Zealand's Trade for All agenda is reflected throughout the FTA, in commitments related to labour and the environment, gender equality, outcomes for SMEs and our regions, as well as for Māori. Read more about the FTA [here](#).
 - On 27 June, Cabinet agreed to an additional package of support to Ukraine, including a contribution to international legal accountability efforts, further military assistance funding, and extensions to existing NZDF deployments of intelligence, logistics, and liaison personnel. This brought **the total value of NZ Government assistance to Ukraine to \$41.5 million**.
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- The **United Kingdom Free Trade Agreement Legislation Bill** was introduced to the House on **22 June**. The Bill, which aligns New Zealand's domestic law with obligations in the NZ-UK FTA, will be set down for first reading in the following weeks, before going through Select Committee. New Zealand is aiming to complete domestic ratification processes for entry into force by the end of 2022. The United Kingdom is undertaking a similar process and once both countries have completed their respective ratification processes, the FTA can enter into force. Read more about the Bill [here](#).
- The Governor of the Bank of England said on Wednesday 29 June that he was determined to bring down inflation and prepared to increase interest rates to do so. He did not rule out raising rates by 50 basis points at the Bank's next meeting in August.

Australia and the Pacific:

- **New Zealand officials visited Canberra last week** to discuss our respective work on supply chain resilience with a wide range of senior officials across the Australian Government. The visit was a timely opportunity to glean insights from Australia's work to strengthen the resilience of its supply chain for critical and essential goods. Discussions usefully confirmed that New Zealand's own work on this issue is advancing based on a robust methodology.
- **Community transmission of COVID-19 was detected in Nauru** on 16 June, with **3,161 active cases identified so far** (as of 28 June) and numbers continuing to rise. The Government of Nauru has responded by suspending all public events and non-essential work, and advising people to remain home except to purchase essentials. International flights are suspended for at least two weeks, although freight flights will continue.

Americas:

- **The United States is imposing \$2.3 billion in higher tariffs on Russian products** in response to Russia's continued invasion of Ukraine. The tariffs increases "will restrict Russia's ability to benefit economically from sales to the US market and are carefully calibrated to impose costs on Russia, while minimizing costs to US consumers," according to a White House fact sheet. The Biden administration also plans to work with Congress on legislation that would allow the revenues raised by the higher tariffs to be used to assist Ukraine.

Domestic Updates:

- A summary of research on the **impacts, trends and effects of non-tariff barriers (NTBs) on exports** from New Zealand has been published on MFAT's website. NTBs are barriers to exports or rules that make it costly or difficult to export to a particular market. (While Governments refer to them as non-tariff barriers, businesses often describe them as red tape, bureaucratic rules, or hassles). NTBs can arise with any type of export, from food to digital goods and services.
 - The research, by economic consultancy Sense Partners, found that **NTBs cover 83% of New Zealand exports, and have an annual compliance cost of over NZ\$12 billion**. New Zealand exporters face the
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largest number of NTBs in the United States, and the highest compliance costs in China. Primary products and beverages are the most affected sectors, with meat exports facing 28 NTBs on average. Sanitary and phytosanitary, or SPS measures, comprise 59% of the total cost of NTBs to New Zealand exporters. MFAT has invested in recent years in online tools to make it easier for exporters to seek assistance with barriers they are facing, and to improve our tracking of NTBs and coordination of interagency efforts to resolve them, where possible.

- **The Organisation of Economic Cooperation and Development (OECD) recently released the ‘Trade and Gender Review of New Zealand’** in the margins of its annual Ministerial Council Meeting in Paris. Prepared jointly by the OECD and MFAT, the Review assesses how New Zealand women experience the benefits of trade as workers, business leaders, and consumers and examines the trade policies that affect them.
- The report confirms that while the number of **New Zealand women in export employment has increased**, and these women tend to have higher earnings than non-exporting women, gender disparities in the export sector persist and are larger than in the non-exporting economy.
- **Women remain underrepresented in export employment and earnings gaps between men and women tend to be larger in the export sector.** Men also heavily outnumber women in terms of entrepreneurs and business leaders in trade. The causes of these gender disparities are multiple and complex, and it can be difficult to disentangle the factors intrinsic to exporting and trade policy from wider societal and economic drivers. For those interested, a more detailed report will be sent to subscribers of MFAT’s market insight reports shortly.

Multilateral:

- **New Zealand hosted a successful Ministerial meeting on the Agreement on Climate Change, Trade and Sustainability (ACCTS)** in the margins of the Twelfth WTO Ministerial Conference (MC12). Ministers from Costa Rica, Fiji, Iceland, New Zealand, Norway and Switzerland issued a Joint Ministerial Statement, reaffirming their commitment to conclude negotiations as soon as possible (likely in 2023). Costa Rica officially offered to host an in-person round later this year to help advance the negotiations.

Market reports released this week

- The previous global economic round-up can be found [here](#).
- [European consumers are trying to save in response to high inflation - June 2022](#)
- [Netherlands: Nitrogen Market Insight Report- June 2022](#)

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.

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 maximize 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 \(shinyapps.io\)](#). This interactive dashboard is updated every quarter and allows for filtering by country and by commodity type.

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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