

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

Highlights:

- **Budget 2022 was announced yesterday (19 May) and includes a \$1 billion cost-of-living package, an \$11.1 billion operating budget for Health NZ over the next four years, and \$777 million in capital investment for new classrooms.**
- **The cost-of-living package includes a one-off payment of \$350 to an estimated 2.1 million people in the low to middle-income section, an extensions of the 25c a litre fuel tax cut, and half-price public transport for another two months.** Read more [here](#).

Regional Updates

Domestic Updates:

- **Prime Minister Ardern** has tested positive for COVID-19. She has been in isolation since Sunday 8 May. As a result the Prime Minister will be required to **isolate until the morning of Saturday 21 May**. She was not in Parliament this week for the release of the Government's Emissions Reduction Plan on Monday or for the Budget on Thursday. **Travel arrangements for her trade mission to the United States remain unaffected at this stage.**
- **Minister of State for Trade and Export Growth, Hon Phil Twyford, has also tested positive for COVID-19.** As a result he was **no longer able to travel to Timor-Leste** on Monday 16 May, where he was to represent the Government at the 20th Anniversary of Timor-Leste's independence, and the inauguration of Dr Jose Ramos-Horta as Timor-Leste's next President. **New Zealand's ambassador to Timor-Leste, Philip Hewitt, instead represented the New Zealand Government at these events.**
- Trade and Export Growth **Minister Damien O'Connor is set to travel to Thailand** this week to represent **New Zealand** at the annual **APEC Ministers Responsible for Trade (MRT) meeting** in Bangkok. According to Minister O'Connor "Front of mind for APEC economies this year will be **economic recovery in the post-COVID-19 era**, navigating the **economic fallout of Russia's war on Ukraine** and other **key trade issues for the Indo-Pacific region**, such as demonstrating support for **World Trade Organization** ahead of its **Twelfth Ministerial Conference (MC12) in June**". See the full press release [here](#).

Australia and the Pacific:

- **The Australian Federal Election goes to the polls tomorrow (21 May).** Over 6.5 million people of the 17 million eligible voters have already either cast an early vote or applied for a postal vote, according to the [Australian Electoral Commission](#).
- **Australian company Penfolds** has [announced](#) it will be launching a **wine grown and made in China**,

targeted at 52 million regular wine drinkers. The 'made in China' wine is Penfolds first step into locally produced wine, and will be released later this year only for the domestic China market at this stage. This is part of the company's strategy to diversify the country-of-origin of their products to avoid high import tariffs.

- **Sāmoa has reduced COVID-19 restrictions further as part of its latest Alert Level decision.** Curfews have been dropped, travel to Sāmoa will now be managed on a commercial basis and schools will open progressively over the coming month. **Travellers are now able to self-isolate rather than enter MIQ.** Currently only Sāmoan nationals and foreign workers with visas are permitted to enter Sāmoa. **The border will open to all travellers from 1 August** and we expect the frequency of flights to increase from July/August.

Asia:

- **Sri Lanka's Prime Minister Mahinda Rajapaksa resigned on 9 May, amidst violence breaking out in Colombo.** Since then, **Ranil Wickremesinghe was sworn as Sri Lanka's Prime Minister** for the sixth time, having been **chosen by President Gotabaya Rajapaksa** over the other leading candidate, Leader of the Opposition Sajith Premadasa. One of the major short-term issues facing Prime Minister Wickremesinghe will be to **stabilise the Sri Lankan economy.**
- **China retail sales and industrial production declined 11.1 percent and 2.1 percent** year-on-year respectively. This comes amidst China's ongoing use of zero-COVID measures to eliminate community transmission, with **lockdowns persisting in Shanghai and increased restrictions in Beijing.**
- **On 8 May, John Lee was elected Hong Kong's next Chief Executive. As the only candidate, Lee cleaned up in elections with 99% of the eligible votes.** Of the 1428 election committee members, 1416 voted in favour, four cast blank votes, and eight voted against Lee. New Zealand [tweeted](#) its concerns about the selection process.
- Results from the **9 May Philippines election** race indicate that **Ferdinand 'Bongbong' Marcos Jr is on track to win the presidency.** On domestic policy of relevance to **New Zealand** interests, **Marcos is interested in growing energy supply and expanding geothermal and hydroelectric energy.**

Americas:

- Canada intends to implement changes to its dairy tariff-rate quota system under the U.S. – Mexico – Canada Agreement (USMCA), despite the Biden administration's claims that the proposed changes will not comply with the agreement. Read more [here](#).

Europe:

- The legislation needed to ratify the **Australia and New Zealand trade agreements with the UK** was mentioned in the Queen's Speech at the State Opening of Parliament in London on 10 May, signaling its importance in the UK's legislative programme. The *Trade (Australia and New Zealand) Bill* has now completed its first reading in the UK House of Commons. New Zealand will also need to pass legislation to allow for entry into force of the FTA. New Zealand's *NZ-UK FTA Bill* is expected to be introduced to the NZ House of Representatives mid-year.
 - **Austria has removed all COVID-19 entry restrictions.** From 16 May 2022 travellers, irrespective of country of origin or purpose of travel, are no longer required to show proof of vaccination or negative test (or provide an alternative pre-travel clearance form) to enter Austria.
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Market reports released this week

- The previous global economic round-up can be found [here](#).
- [Services Exporter Survey – Key Findings](#).
- [The German wine market: update on consumption, production, and regulatory trends, May 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 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.
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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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