

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

## Headlines

- **New Zealand's annual inflation fell 0.1 percent to 7.2 percent for September.** The key drivers of the elevated inflation level for the September quarter was price increases for construction, rentals and local authority rates.
- The IMF's October forecasts show **global growth slowing further to 2.7 percent in 2023** from 3.2 percent this year, for **global inflation to peak near 9 percent this year** and for **growth in major economies the US, EU and China to stall**. More than a third of the global economy is projected to contract this year or next.
- At the **opening session of the 20th National Congress of the Communist Party of China ("CPC")**, **General Secretary Xi Jinping delivered a Work Report** covering the previous five year period, and setting out the policy direction for the period ahead. President Xi set out **two high-level economic goals** for China: achieving '**high-quality development**' to expand the economy and promote regional development, and developing a 'first class' level of '**innovation and workforce**'.

## Regional Updates

### Domestic Updates:

- Education Minister Chris Hipkins is leading a delegation to Asia to encourage people to study in New Zealand and promote the fact our country is open for business. Chris Hipkins will speak at the Republic of Korea's largest student expo, the International Education and Career Fair, and mark the 60th anniversary of diplomatic relations. He will promote New Zealand's commitment to education cooperation with Indonesia, which is a strategic and growing market, and he will sign a refreshed Education Cooperation Arrangement with Singapore. Minister Hipkins left on Friday 21 October and will return Friday 28 October.

### Europe:

- **PM Truss resigned on 21 October**, saying "I recognise, given the situation, I cannot deliver the mandate on which I was elected". At 45 days in office, Truss is now the shortest-serving Prime Minister in UK history. Immediately prior to her resignation, polling had Conservatives 28 points behind Labour, and Truss had slumped to the lowest-ever popularity rating of any British political leader. The process for selecting the new PM has begun, with a new candidate needing the backing of at least 100 Conservative MPs. The process is expected to be concluded by next Friday (28 October) at the latest.
- **New UK chancellor Jeremy Hunt has reversed large parts of the Government's controversial fiscal plans.** Chancellor Hunt announced U-turns on the planned cut to income tax (including reversing a proposed cut to the top tax rate from 45% to 40%) and two-year support for households' energy bills.

After originally announcing the cancellation of **the UK-wide rise in corporation tax which was due to increase from 19 percent to 25 percent in April 2023**, this will now go ahead after all.

### Asia:

- **China's National Bureau of Statistics has announced an indefinite delay on the release of economic data**, including GDP. The announcement comes during the 20<sup>th</sup> National Congress of the Communist Party of China and amid forecasts of slowing economic growth, in part due to the impact of China's COVID-19 mitigation measures.
- **On 11 October, Japan opened its borders to foreign tourists** – reinstating visa-free travel from 68 countries (including New Zealand); removing pre-departure PCR testing for triple vaccinated; and lifting a 50,000-person daily cap on international arrivals.
- Associate Finance Minister David Parker represented New Zealand at last week's **Asia-Pacific Economic Cooperation (APEC) Finance Ministers' Meeting**. Minister Parker's meetings focused on tax policy, such as the OECD's Pillar Two model rules for global tax, engagement with Pacific countries on advancing the interests of small island states, the economic impact of climate change, inward investment and venture capital. Thailand has set out two priorities for APEC's finance track in 2022: sustainable finance and digitalization for a digital economy.
- **The Bank of Korea (BoK) increased their policy rate by 0.5 percent to 3 percent**. According to the Reserve Bank of New Zealand this met market expectations, given the high inflation environment and depreciation of the Korean won against the US dollar this year. This was the BoK's eighth increase since August 2021.

### Americas:

- **The US has introduced new export control measures** which restrict China's access to certain advanced semiconductor manufacturing equipment, Artificial Intelligence chips, and super-computing end-users. The controls primarily target a subset of chips and will mean that the companies wanting to export these technologies to China will require licenses.

## Market reports released this week

- The previous global economic round-up can be found [here](#).
- [Republic of Korea \(ROK\) trade and economic update: Business is back – October 2022](#)
- [Japan opens its borders to tourists – Economic Update – October 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](mailto: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. NZTE also provide comprehensive [market guides](#) which cover export regulations, business culture, market-entry strategies and more.
  - The Treasury releases a [weekly economic update](#) every Friday. Stats NZ has published a [data portal](#) with near real-time
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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 \(shinyapps.io\)](#). This interactive dashboard is updated every quarter and allows for filtering by country and by commodity type.

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