

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

Highlights

- The **Reserve Bank of New Zealand has announced that the OCR has increased by 75 basis points to 4.25%**. RBNZ says that this comes after calls for a need to fight runaway inflation. **New Zealand's inflation rate currently sits at 7.2%**, well over the 1-3% target band. Contributing factors include high employment, core consumer price inflation being too high, and increased inflation expectation. This is the highest the OCR has been in 14 years.
- **Further sanctions have been placed against political economic elites in Russia and Belarus.** Foreign Affairs Minister Nanaia Mahuta announced the sanctions as part of the ongoing response to the war in Ukraine. Four entities of economic or strategic relevance to Russia in gas and oil, steel and transport sectors, radar and electronic equipment systems have also been sanctioned.
- The **United Nations Climate Change Conference 2022 or COP27 has concluded**, with some major progress on climate change initiatives. **A "loss and damages" fund was established** for countries who are impacted the most by climate change. The fund will be contributed to by large countries, in recognition of their role in contributing to climate change. Climate Minister James Shaw attended these negotiations and discussed New Zealand's climate plans, such as the climate adaptation plan and emissions reduction plan.

Regional Updates

Domestic Updates:

- **India New Zealand Business Council (INZBC) held their summit on 11 November in Auckland.** Hon Minister Nanaia Mahuta and Indian High Commissioner Ms. Neetha Bhushan were in attendance to discuss a new approach to India trade relations. Minister Mahuta highlighted that **India is a priority relationship for New Zealand and says that there are many opportunities for New Zealand businesses with India.** India is the 5th largest economy in the world and has new opportunity and collaboration for Agritech, Fintech and renewable energy sectors, in particular.

Australia and the Pacific:

- **The Solomon Islands was hit by a magnitude 7 earthquake on 22 November**, which damaged a number of buildings in Honiara. It is yet to be determined whether this damage is substantial or cosmetic. A tsunami warning was issued after the earthquake, however this has now been removed. A series of aftershocks followed and widespread power outages were reported, which have now been resolved. Some minor injuries have been reported, however there are no reports of loss of life.
- **Associate Foreign Affairs Minister Aupito William Sio met Vanuatu's new Prime Minister Alatoi Ishmael Kalsakau on 23 November to discuss economic recovery in the wake of COVID-19.** He also met with the

Minister of Climate Change Ralph Regenvanu, and Minister for Internal Affairs Christophe Emelee whose portfolio includes the Recognised Seasonal Employer (RSE) scheme. New Zealand's close partnership with Vanuatu will be strengthened by this face-to-face engagement, and through the reaffirmation of Aotearoa New Zealand's commitment to both Vanuatu and the wider Pacific.

Europe:

- The Economist Intelligence Unit (EIU) is expecting the **European Union's real GDP growth to slow down to 1.5% in 2023 to 2.9% this year.** This is a result of the ongoing war in Ukraine, economic standstill in China and monetary tightening globally. Russia's hostility around gas deliveries is anticipated to have a massive increase on energy prices, potential energy shortages and to contribute to a predicted economic downturn within the European Union (EU). The EIU suggests that oil prices will continue to be elevated in the EU as long as there is conflict in Ukraine.
- **Annual inflation has accelerated to 11.1% in the UK** which exceeded expectations of 10.7%. The main drivers of this increase in inflation have largely been linked to an increase in food, transport and energy prices. This is a 41-year high for the UK as they struggle to recover following Russia's invasion of Ukraine.

Asia:

- **Japan's inflation has risen higher than expected to 3.7%** which has been driven by increasing import prices and a persistent weakness in the yen. Japan's core prices have increased by 0.6% in October and CPI is 3.6% higher in annualised terms.
- **Amid the threat of a global recession, Indonesia's economic recovery remains strong.** Indonesia's economy grew by 5.72 % in the third quarter of 2022, compared to the third quarter in 2021 (year on year). Indonesia's economy is estimated to grow 5.4% in 2022 and 5.0% in 2023, supported by strengthening domestic consumption, a trade balance surplus and a healthy fiscal capacity. Indonesia is now New Zealand's 7th largest goods export destination and ranks 23rd for trade in services highest export value.

Africa:

- **South Africa's economic recovery from the COVID-19 pandemic, other global pressures and domestic stressors has been sluggish.** Amidst these conditions, the government is continuing on its path of fiscal consolidation, using an increase in tax revenue to address specific economic challenges, including state power utility Eskom's problems and the risk of South Africa being greylisted by the Financial Action Task Force. Specific sectors of interest to Aotearoa New Zealand, such as agriculture, forestry and fisheries, as well as the ICT sector, remain buoyant. New Zealand Trade and Enterprise reports strong interest from New Zealand companies to do business in South Africa.

Market reports released this week

- The previous global economic round-up can be found [here](#).
- [German farmers go digital - November 2022](#)
- [Indo-Pacific economies move towards closer cooperation - November 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. 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 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.
- 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

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