

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

Highlights:

- **The Government have announced that it will apply 35 percent tariffs to all imports from Russia**, and extend the existing export prohibitions to industrial products closely connected to strategic Russian industries. This is New Zealand's most significant economic response to the Russian invasion to date and will **come into force on 25 April**.
- **Australia signed an historic trade agreement with India on 2 April**, the Australia-India Economic Cooperation and Trade Agreement (ECTA), a partial free trade agreement and an interim step towards a fuller Comprehensive Economic Cooperation Agreement expected by the end of 2022. The ECTA is projected to double bilateral trade (currently close to NZD\$30 billion annually).
- The Agreement will eliminate tariffs on approximately 85 percent of Australian goods exports to India at entry into force, growing to 90 percent after 10 years; and eliminate tariffs on 96 percent of Indian goods exports to Australia at entry into force. MFAT will be providing more detailed analysis of this agreement in the coming weeks.

Regional Updates

Domestic Updates:

- **New Zealand remains at Red COVID-19 level setting.** Hospitalisations have dropped in Auckland, but continue to plateau in the Canterbury, Waikato and Northland regions, hence the government's decision to remain at Red. **The traffic light settings will be reviewed again on 14 April.**
- **New Zealand will release additional emergency oil stocks** as part of an agreement by the 31 International Energy Agency (IEA) member countries to offset the loss of Russian oil exports. The size of the release will be disclosed this week. New Zealand released 369,000 barrels of oil last month as part of an initial collective action to release 60 million barrels held by IEA members.
- **New Zealand has released its second tranche of sanctions under the Russia Sanctions Act 2022.** This second tranche includes 36 economic elites and family members. To date we have sanctioned over 500 individuals, entities or assets under the Russia Sanctions Act.
- While, in general, **New Zealand exporters to the United Kingdom (UK) and European Union (EU) are not directly impacted by Russia's invasion of Ukraine**, they are indirectly impacted by higher input costs (energy, fuel, animal feed and fertiliser), international transport and supply chain disruptions, and highly changeable markets and trade patterns.

Australia and the Pacific:

- On **6 April Sāmoa** relaxed restrictions on commerce and activity, **moving from Alert Level 3 to Alert level 2**. At Alert Level 2 vaccination certificates and masks are mandated in public, there are limitations on the size of gatherings, and government, business and civil society are be able to operate on limited hours.
 - **Australia has announced the appointment of Ms Harinder Sidhu** as Australia's next High Commissioner to New Zealand. High Commissioner Sidhu was most recently Chief Operating Officer and Deputy Secretary of
-

Australia's Department of Foreign Affairs and Trade. She has previously served overseas as High Commissioner to India and in Moscow and Damascus.

Asia:

- **The Upgrade to New Zealand's Free Trade Agreement (FTA) with China entered into force on 7 April 2022.**–The Upgrade amends the 2008 FTA to modernise key aspects of the FTA including in areas of e-commerce, government procurement, environment and trade, and competition. It also eliminates additional tariffs on wood and paper – meaning tariffs will be eliminated on 99 percent of such exports – and reduces compliance measures for exporters.

Europe

- **The European Central Bank maintains its 'hawkish' monetary policy stance while annual inflation rates rise to 7.5% across the Euro area (March 2022).** Inflation rates in Germany and Spain have increased to 7.6% and 9.8% respectively. European industrial, transport, tourism and manufacturing sectors are being impacted by rising inflation on oil and gas, which will have flow on effects for consumers. Sectors might like to consider contingency planning and prepare for the likelihood of rate increases and a premature end to the asset purchase programmes from the European Central Bank.
- **On 1 April Sweden removed its entry restrictions for individuals from all countries.** Vaccination and test certificates are no longer required when entering Sweden.

Americas:

- **180 million barrels of oil will be released from the US strategic reserves,** which will provide support until domestic production can increase. Brent crude oil prices responded to this announcement by falling to USD108 per barrel.

Market reports released this week

- The previous global economic round-up can be found [here](#).
- [Germany economic update: emerging impact of the war in Ukraine – March 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](https://www.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](https://www.tradebarriers.govt.nz)

Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.