

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

Headlines

- **The Reserve Bank of New Zealand increased the Official Cash Rate to 3 percent from 2.5 percent, the highest level since 2015.** The accompanying [Monetary Policy Statement](#) sighted rising inflation (at 7.3 percent in the June 2022 quarter) and scarce labour resources (3.3 percent unemployment) as reasons behind the decision to continue to tighten monetary conditions.
- Following failed pay negotiations, dock workers at the **largest port in the UK (FelixStowe) voted to go ahead with an 8-day strike commencing Sunday 21 August.** The strike itself is **not expected to impact New Zealand exporters** in the short term, however, it is expected to severely exacerbate the ongoing supply chain issues. We will continue to monitor the situation including the impact on New Zealand exporters.
- The **Minister of Trade and Export Growth** has endorsed a refreshed **Trade Recovery Strategy '2.0' (TRS)** which focuses on four key areas under an organising 'STAR' framework: Sustainable and inclusive trade; Trade and export lift; Architecture; and Resilience. New Zealand is reconnecting with the world and open for business, trade, tourism and education. The Trade Recovery Strategy 2.0 (TRS) repositions NZ government agencies' effort in this new operating environment, to support businesses as they reconnect with partners, customers and key markets overseas.

Regional Updates

Domestic Updates:

- [New Zealand retail card spending](#) fell 0.2 percent from June to July. Spending on fuel fell 6.1 percent, while spending on consumables increased 2.2 percent.
- The Overseas Investment (Forestry) Amendment Bill passed its third reading on Thursday 11 August 2022 and came into force Tuesday 16 August. **The Bill's core change is that overseas investments involving conversions of non-urban (e.g. farm land) to forestry will go through the standard 'Benefit to New Zealand' test – instead of the streamlined special forestry test. This Bill helps ensure that overseas investment in forestry continues to provide benefits to New Zealand.** These changes are country-neutral and consistent with our international obligations under international trade agreements and bilateral investment agreements. Approximately 70% of forestry plantations in New Zealand are foreign-owned. The streamlined forestry test remains for investments in existing forestry.

Asia:

- The **People's Bank of China reduced the medium-term lending rate by 10 basis points to 2.75 percent.** This is the first time since January this rate has been cut and was made shortly after economic data
-

showed retail sales grew by 2.7 percent in July, below June's 3.1 percent.

- Key changes to the Foreign Investment Act and Public Service Amendment Act have now been signed into law in **the Philippines**. The amendments are expected to **promote foreign investment by reducing foreign ownership restrictions** while also **removing restrictions on foreign equity in most public service companies**. Due to rising domestic investment and consumption as pandemic restrictions eased, the **Philippine economy is poised to grow by 6.5% - 7.5% in 2022** and could further rise by 8% in 2023, forecasted to be the highest economic growth rate among ASEAN+3 countries.

Americas

- The **US Federal Reserve Bank raised the Federal Funds Rate to 2.25 – 2.5 percent** and anticipates further increases will be necessary. The [press release](#) cited that although economic data on spending and production has softened, the unemployment remains low and inflation remains elevated, reflecting broader price pressures. Minister of Tourism Hon Stuart Nash travelled to Los Angeles from 24 July 2022 to 29 July 2022 to support New Zealand's tourism industry at Tourism New Zealand's flagship trade travel event. The visit highlighted the strong demand in the North American market for New Zealand as a travel destination and provided an opportunity to reconnect US buyers with New Zealand tourism operators.
- Gustavo Petro has been inaugurated as Colombia's President. Petro is the country's first left-leaning President. **In his inauguration speech, Petro focused on themes of resistance and change. Climate change** is also emerging as a priority for the new administration. **We will monitor how the Petro administration approaches trade with New Zealand.**

UK & Europe

- **UK inflation has increased past 10 percent for the first time in 40 years.** The July annual headline inflation reached 10.1 percent and the Bank of England estimates it could reach as high as 13 percent later this year.

Multilateral:

- **A group of fourteen Indo-Pacific economies, including New Zealand, have been working to outline the scope of future negotiations on the US-led Indo-Pacific Economic Framework for Prosperity (IPEF).** The scoping statements cover a range of economic, trade, and climate issues, and are structured under four pillars – trade, supply chains, clean economy, and fair economy. An in-person IPEF ministerial meeting is scheduled for 8-9 September in Los Angeles, where progress is expected to be made on finalising the four scoping statements and moving towards the negotiation phase of the Framework.

Please note that from next week, we will start sending this report on Mondays instead of Fridays.

Market reports released this week

- The previous global economic round-up can be found [here](#).
- [The German Gaming Market – August 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.
- 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

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.