

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

Highlights:

- **Prime Minister Ardern will lead a trade mission to the United States from 24-31 May to support export growth and the return of tourists post COVID-19.** The Prime Minister departed on the evening of Monday 23 May and will be accompanied by Minister for Trade and Export Growth and business leaders from technology and tourism firms as well as innovative food companies Silver Fern Farms, Fonterra and Zespri. The delegation will engage in a range of business activities in New York, Washington D.C., Boston, Seattle and San Francisco.
- **Anthony Albanese has been elected as the next and 31st Prime Minister of Australia.** This ends a near decade of conservative party rule as the Labor Party now takes power. As things stand currently Labor holds 75 seats, one short to form a majority government. On Monday 23 May, Prime Minister Albanese was [sworn in](#), along with a select number of Ministers, ahead of attending a Quad leaders' meeting in Tokyo. Prime Minister Ardern has already [spoken](#) with Prime Minister Albanese, and is planning to formally meeting with him soon.

Regional Updates

Domestic Updates:

- **The Reserve Bank of New Zealand has increased the Official Cash Rate (OCR) by a further 0.5 percent to 2 percent, the highest level since 2016.** The RBNZ also agreed to continue increasing the OCR at pace in order to reduce inflation. Read more [here](#).
- **New Zealand will remain at the Orange setting,** COVID-19 Response Minister Chris Hipkins said earlier this week. The next review of the traffic light settings will be in late June.
- **On Monday 23 May, the Prime Minister announced the deployment of a NZDF artillery training team to the United Kingdom to train Ukrainian Armed Forces in the use of the L119 light field gun.** The Government has also agreed to the transfer of surplus aiming systems and training ammunition. The deployment of 30 personnel is mandated until 31 July 2022.

Australia and the Pacific:

- **The Australian Federal Election has seen independent parties make gains in previously safe Liberal held seats.** Inner Sydney and Melbourne seats are now dominated by independent candidates, all women, and the Greens have made significant inroads in Brisbane. While counting continues, updated official election results can be found on the [Australian Electoral Commission](#) website.

Asia:

- **Asia-Pacific Economic Cooperation (APEC) Trade Ministers met on 21-22 May in Bangkok, Thailand.** The Minister for Trade and Export Growth (MTEG), Damien O'Connor, represented New Zealand in person. Despite the best efforts of host economy Thailand, **the Ministerial failed to deliver a consensus statement.** The key issue of contention, which is reflected in the Chair's Statement, were the divergent views on the economic impacts of

ongoing conflict and “the need to ensure peace and stability [...] as well as upholding international law” in the APEC region.

- On 10 May **Yoon Suk-yeol** of the conservative People Power Party was inaugurated as **President of the Republic of Korea** for a single five-year term. **During his inauguration speech, Yoon called on his nation to protect and promote liberal democratic values and promised Korea would take “on a greater role befitting [its] stature as a global leader”**
- **China has stated that it remains committed to a ‘zero societal COVID’ policy.** COVID-related economic disruption is likely to continue at least as long as this strategy is maintained. **Shanghai’s lockdown** in particular has caused **disruption to supply chains** across China. Although the city’s **ports and airports have remained open and are receiving cargo**, operations have been significantly slowed, with knock-on impacts for neighbouring ports. Congestion and backlogs are expected to remain a challenge even after the city loosens its control measures.
- **China is also facing a number of non-COVID challenges to its economy** including: a volatile external environment, weakening demand for Chinese exports, as well as growing unemployment, sluggish household income growth, and ongoing issues in the property sector. However, **China comfortably remained Aotearoa New Zealand’s top trading partner for the year ending December 2021**, with two-way goods and services trade totalling **NZ\$37.7 billion**, constituting 23% of New Zealand’s total trade and 32% of New Zealand’s goods exports.
- **Japan’s annual core inflation reached a seven year high of 2.1 percent for April** year on year. This exceeds the Bank of Japan’s target of 2 percent.

Americas:

- **President Biden formally launched the Indo-Pacific Economic Framework (IPEF).** The Framework, initially proposed by US President Biden in October 2021, **aims to deepen regional economic integration and boost economic cooperation** to create a more prosperous and resilient Indo-Pacific. **New Zealand**, alongside Australia, Brunei Darussalam, India, Indonesia, Japan, South Korea, Malaysia, Philippines, Singapore, Thailand and Viet Nam **joined the launch, to express support for the IPEF.** The group will now work toward launching negotiations by the middle of the year. **The Framework structure is designed to be open and inclusive. It is hoped additional Indo Pacific countries will come on board in the future.** Read more [here](#).

Europe:

- **Germany has eased self-isolation and quarantine requirements for COVID-19 cases and non-boosted close contacts.** Self-isolation for confirmed cases has now been reduced to five days. A negative test at the end of this period is recommended but not compulsory, except for health workers. Close contacts who have not received a booster shot are no longer required to quarantine. Daily self-testing is recommended but not compulsory, except for health workers.

Market reports released this week

- The previous global economic round-up can be found [here](#).
- [China Market Report – 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.
- 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

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