



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

15 MAY 2023

Weekly Global Economic Round-up

A MARKET INTELLIGENCE REPORT

Regional updates

Domestic

- The New Zealand labour market remained resilient and flexible during the COVID-19 pandemic, with workers switching industries to stay in work and earn more, according to an [Analytical Note](#) released in an [article by the Reserve Bank of New Zealand](#) – Te Putea Matua. The research found that, unlike past economic shocks, high numbers of workers moved between industries, especially since 2021. Labour churn and growth in income has important implications for inflation dynamics. The research found “surprising” findings on skills transferability, for example a strong flow of workers into the health sector, from high-contact and tourism-related industries.
- Next week’s edition will reveal announcements from Budget 2023 on Thursday 18 May.
- Food prices were 12.5% higher in New Zealand in April 2023 than they were in April 2022, according to [figures released by Stats NZ](#) this week. Grocery prices have increased by 14%, but the highest jump was seen for fruit and vegetable prices, which increased by 22.5%.
- New regulations governing New Zealand’s first comprehensive [digital Firearms Registry](#) have been released coming into effect from 24 June. Public consultation on the Arms Amendment Regulations occurred late last year. Within five years from 24 June, firearms licence holders will have to record all the relevant arms and arms items in their possession into the new Registry. Registration will not incur a fee and will be possible online.

Global

- United States Attorney General Merrick Garland has authorised the [first transfer of funds seized from Russian oligarchs](#) subject to US sanctions to aid Ukraine.
 - President [Joe Biden will host Prime Minister Narendra Modi](#) of the Republic of India for an Official State Visit to the United States on 22 June 2023. The visit is set to address topics including educational exchanges, climate change challenges, workforce development and health security.
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Pacific

- The Albanese government released their second federal budget on 9 May. The budget delivered a surplus, the first in 15 years. A cost-of-living package worth almost \$15 billion formed the budget's centrepiece, which includes a lift in the jobseeker rate, cheaper medicines, and energy rebates for low income Australians. Other notable areas of expenditure include health, energy and climate, and defence. On the revenue side, upward changes were announced to the Petroleum Resource Rent Tax (PRRT); taxation of superannuation balances over \$3 million; and the Tobacco Excise Tax.
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Australia

- The Minister responsible for Fiji's engagement in the Recognised Seasonal Employer (RSE) scheme, Hon Agni Deo Singh, visited New Zealand 1-5 May. Minister Singh held meetings with RSE employers and workers, trade union representatives, and the Minister of Immigration, Hon Michael Wood, where he received an update on the RSE policy review. The visit was an opportunity for the Fiji Minister to check on the welfare of Fijian RSE workers, but also to advocate for improvements for their conditions.
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Europe

- The European Central Bank's [latest monthly survey](#) of consumers reveals Eurozone consumers are becoming more pessimistic on inflation. Those polled expect Eurozone inflation to be 5% in a year's time, up from 4.6% a month ago. ECB president Christine Lagarde told Japan's Nikkei newspaper there were "significant upside risks to the inflation outlook" that meant it still had "more ground to cover" in raising rates, particularly after wage increases in various European countries. The ECB has already raised rates seven times since the summer to combat the biggest surge in inflation for a generation, leaving the benchmark deposit rate at 3.25%.
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United Kingdom

On 5 May, the Prime Minister and the Minister for Trade and Export Growth announced that the New Zealand–United Kingdom Free Trade Agreement will enter into force on 31 May 2023. Businesses now have three weeks to prepare for 'day one' of the agreement. The announcement has been welcomed by a broad range of stakeholders, Treaty Partners and businesses.

Americas

- The [Minister for Agriculture visited Washington D.C.](#) from 8-10 May to attend the AIM for Climate Summit, this year's milestone event for agriculture and climate change. During the Summit, Minister O'Connor and Irish Minister for Agriculture Martin Heydon announced the Second Research Call under the Ireland-New Zealand Joint Research Initiative. The Minister also met a number of Agriculture Ministers to discuss the sustainable reduction of agricultural emissions. In his capacity as Minister for Trade and Economic Growth, he also met with US Secretary of Commerce Gina Raimondo to discuss progress under the Indo-Pacific Economic Framework for Prosperity (IPEF).
 - President Biden met with House Speaker Kevin McCarthy and other Congressional leaders last week to discuss a pathway forward to raise or suspend the US debt ceiling. While a deal has not been reached, House, Senate and White House Officials continue to meet in an effort to reach an agreement before 1 June, the date at which US Treasury Secretary Janet Yellen has indicated the US could default on its obligations.
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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.
- 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](#). This interactive dashboard is updated every quarter and allows for filtering by country and by commodity type.

More info

More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

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