



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere

27 JANUARY 2025

# Weekly Global Economic Report

MARKET INTELLIGENCE REPORT

# Regional updates

## Domestic

### **New Zealand dairy sector good start to 2025**

- At last week's Global Dairy Trade auction dairy prices were up 1.4% and Fonterra is predicting farmgate milk prices to reach a record \$10.50 midpoint this year. New Zealand's milk production in 2024 was also the highest it's been in five years. John Stevenson, Fonterra Co-operative council chair said that 2025 is "looking really positive from an on-farm perspective" and that supplementary feed supplies, silage, and crops have all had a good start to summer.
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## Americas

### **New Zealand and Digital Economy Partnership Agreement (DEPA) partners conclude substantive accession discussions with Costa Rica**

- On 24 January, the Digital Economy Partnership Agreement (DEPA) Parties (New Zealand, Chile, Singapore and South Korea) announced the substantive conclusion of accession discussions with Costa Rica ([Joint press release on the substantial conclusion of discussions for Costa Rica's accession to the Digital Economy Partnership Agreement](#) | [New Zealand Ministry of Foreign Affairs and Trade](#)). Signed by New Zealand, Chile, and Singapore in 2020 and joined by South Korea last year, the DEPA is a high-ambition digital trade agreement which establishes fair and transparent rules-based architecture around digital trade and the digital economy and promotes cooperation on digital matters. Costa Rica formally requested to join the DEPA on 23 December 2022 and an accession working group (AWG) was established on 6 October 2023 to assess the request. The AWG, chaired by New Zealand, found that Costa Rica had demonstrated its ability to meet the DEPA's high standards and alignment with the Agreement's intent. DEPA Parties will now work with Costa Rica to formalise its accession process in the upcoming months. More information about the DEPA and the DEPA text can be found on our website ([Digital Economy Partnership Agreement \(DEPA\)](#) | [New Zealand Ministry of Foreign Affairs and Trade](#)).

## United States renews focus on Artificial Intelligence

- Last week an executive order by the United States' newly returned President Trump directed agencies to ensure that AI is used “to promote human flourishing, economic competitiveness, and national security”. The order is part of a renewed focus on positioning the US as the world leader in AI, even as China [rapidly closes the gap](#) with its latest offerings. The order also followed President Trump's recent comments on Stargate, the joint venture between industry titans OpenAI, Oracle, and SoftBank. Stargate has begun building AI infrastructure in the US such as data centres and electricity generation with an initial investment of US\$100 billion, a sum which could climb as high as US\$500 billion. President Trump's order also mandates an AI plan of action within the next 180 days. While the pathway forward in the plan of action is yet to form, it is clear that both the public and private sector in the US are aligned in this crucial space. You can read more about the executive order [here](#).
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## North Asia

### Japan raises interest rates

- Last week the Bank of Japan (BOJ) raised its key interest rate from around 0.25% to 0.5% after its inflation rate appears to have exceeded expectations and wages are set to grow. Inflation in Japan year on year rose last December by 3.6% while its labour ministry adjusted its wage data for November to a rise of 0.5%. The increase in the interest rate is a continuation of Japan's about face after the BOJ increased interest rates for the first time in 17 years in March 2024. BOJ Governor Kazuo Ueda has acknowledged that uncertainties remain, including overseas inflation and foreign exchange fluctuations, but he reaffirmed his view that additional hikes will be needed if economic conditions endure. Japan has been battling deflation for decades, resulting in low economic growth and stagnant or falling wages. By raising interest rates Japan hopes to prevent prices falling and instead encourage greater economic growth. You can read more about the [Bank of Japan's decision](#) here.
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## South and South East Asia

### Car maker BYD to complete \$1 billion factory in Indonesia

- Electric vehicle (EV) manufacturer BYD headquartered in China is set to complete a US\$1 billion factory in Java by the end of 2025. BYD already has a factory in Thailand and is looking to extend its already considerable lead in the region where a new factory in West Java's Subang will see the production of 150,000 EV unit per year. BYD's Director in Indonesia Eagle Zhao stated that the long-term ambition for the factory will be for the export market. Production is expected to commence as soon as the factory is complete. You can read more about the [planned factory here](#).
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# External links

The following links may provide useful information to businesses:

- [NZTE's website](#) and [myNZTE](#) provide a range of insights and tools available to support 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](http://www.mfat.govt.nz/market-reports)

If you would like to request a topic for reporting please email [exports@mfat.net](mailto:exports@mfat.net)

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## To contact the Export Helpdesk

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