

December 2024 Blog

Our Uncertain Future

As we approach 2025, the global landscape appears increasingly precarious, with several indicators pointing to a challenging and uncertain year ahead. New Zealand, in particular, faces significant vulnerabilities due to its heavy reliance on international trade for economic survival.

A combination of domestic and international factors suggests that the road ahead will demand strategic planning, resilience, and collaboration across the political, economic, and social sectors.

The New Zealand economy is struggling to recover from the economic impacts of recent global crises. Domestically, tensions have been heightened by the unrest surrounding the Act Party's Treaty Principles Bill. Internationally, President Trump's return to the U.S. presidency, accompanied by likely increases in tariffs, could have far-reaching consequences for New Zealand's trade relationships, particularly with the United States and China. Additionally, France and Germany—two of Europe's largest economies—are grappling with stagnation, further destabilising global economic confidence.

Overlaying these economic concerns are geopolitical tensions. The ongoing conflicts in Ukraine and Palestine present significant risks of escalating into broader regional or global conflicts. Such developments could disrupt trade routes, supply chains, and access to essential resources, presenting a direct threat to New Zealand's already fragile economic position.

Germany offers a sobering example of proactive measures in response to this uncertain climate. The German government has urged businesses to develop contingency plans that include diversifying suppliers, stockpiling essential materials, and creating adaptive logistics networks to withstand potential wartime disruptions. Self-sufficiency is becoming a critical focus for German companies, highlighting the importance of resilience in an era of volatility.

New Zealand, by contrast, has been slow to adopt a strategic supply framework. A recent *Newsroom* report warns that if global supplies of petrochemicals and minerals—critical to agriculture—are disrupted by conflicts in the Middle East, New Zealand might have to resort to alternatives like seed oils to replace diesel. With the world's longest supply chains and limited strategic reserves, New Zealand's vulnerability will be starkly exposed.

Given these challenges, it is imperative for New Zealand to prepare for 2025 with a robust and proactive strategy. While New Zealand cannot directly influence global events, it can and must focus on areas within its control. A national priority must be ensuring the continuity of supply chains and the smooth flow of goods in and out of the country.

This requires a unified approach, where political leaders set aside partisanship and collaborate for the nation's economic and social survival. Political distractions and divisive debates must be minimised as New Zealand braces for what could be one of its most challenging years.

New Zealand's relationship with the United States will be pivotal, particularly given President Trump's administration business-oriented leadership style. A pragmatic, business-focused approach will be essential, ensuring New Zealand adapts to U.S. policies while maintaining favourable trade relations with other key partners, notably China. Furthermore, securing a trade deal with India becomes an even more important strategic priority, offering diversification in markets and mitigating risks tied to over-reliance on a few major partners.

Domestically, the government must develop contingency plans to secure vital supplies and minimise economic disruptions. This includes diversifying supply chains, investing in alternative energy solutions, and reinvigorating

policies on gas exploration to enhance self-sufficiency. Germany's example underscores the importance of foresight and preparedness, and New Zealand must follow suit to reduce its dependency on external factors.

Exports will remain the lifeblood of New Zealand's economy, making it essential to maintain competitive access to international markets. The government's role in negotiating trade agreements and minimising tariffs will be crucial in ensuring New Zealand's produce reaches markets at reasonable costs, allowing exporters to remain viable in an increasingly competitive global environment.

In summary, New Zealand faces an uncertain future shaped by global economic instability, geopolitical tensions, and domestic challenges. To navigate this turbulent period, the country must adopt a strategic, collaborative, and forward-thinking approach. By focusing on resilience, diversification, and strengthening trade relationships, New Zealand can mitigate the impacts of global disruptions and safeguard its economic and social well-being.

The first step is to unite and plan. There is no sign of that happening. There is no sign that our political parties will put behind themselves their current differences and get onto protecting our country's future. Transactional deals across the world opening different suppliers and supply chains and keeping borders open for our exports are what we need. Not political showman ship at the expense of NZ.