



Improving Economic Resilience inquiry

Webinar with Venture Taranaki

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NEW ZEALAND
PRODUCTIVITY COMMISSION
Te Kōmihana Whai Hua o Aotearoa



Supply chain disruptions will continue

- Supply chains are important for New Zealand's economy
- Supply chains will come under more pressure in future
- New Zealand can't prevent disruptions from happening
- We need to prepare for a volatile future

Economic factors

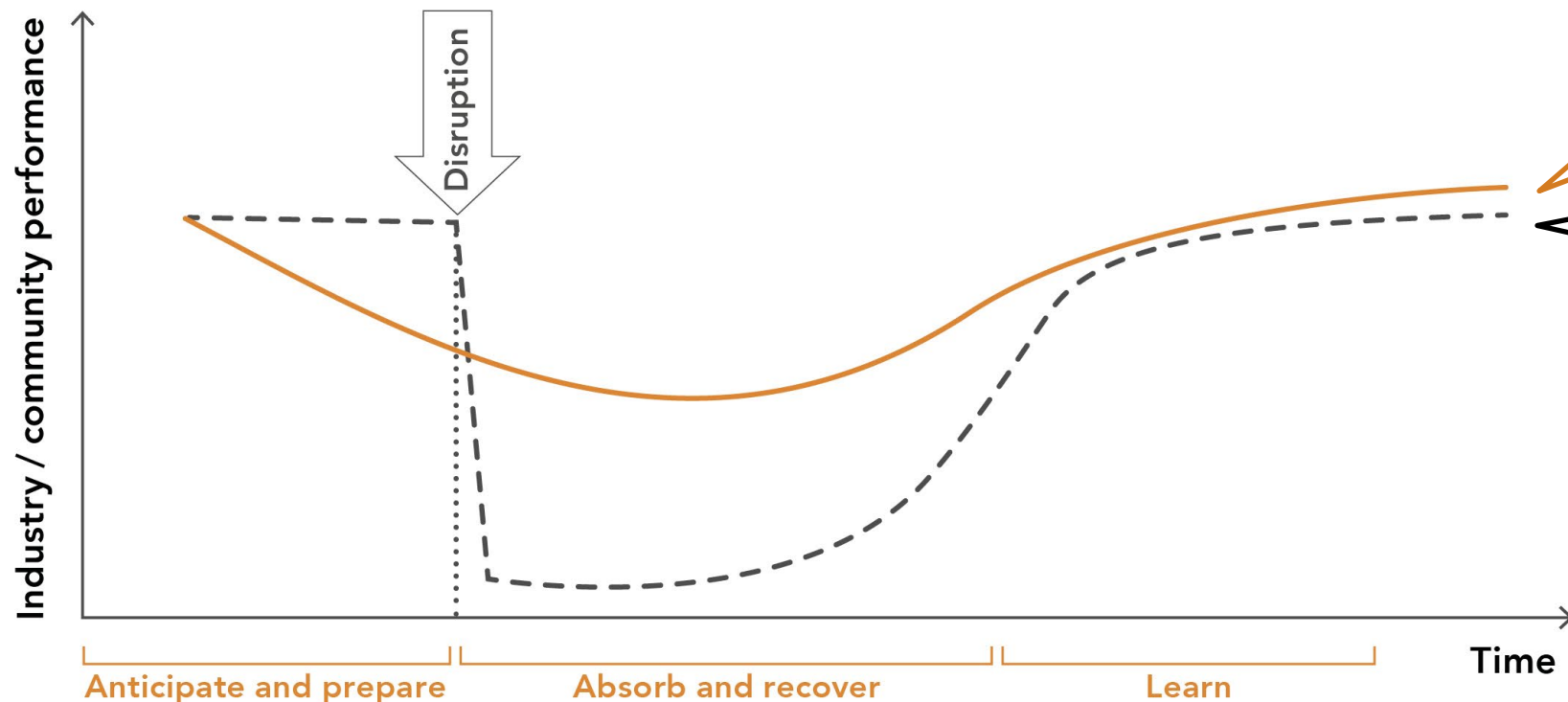
- Escalating freight costs and congestion in the post-pandemic environment
- Movement towards just-in-case supply chain management by increasing stockpiles
- Emissions pricing in ways that incentivise localised supply chains

Socio-political factors

- Greater use of protectionist industry policy towards goods considered sensitive or strategic
- Countries shift towards domestic production due to increasing global political volatility
- Growing tensions between the United States and China, with flow-on impacts to trading partners

Proactive action can enhance economic resilience

Economic resilience: the capacity of industries and associated communities to anticipate, prepare, absorb, recover and learn from supply chain disruptions



Proactive: reduces impacts, but has costs

Reactive: no preparation and no costs, but larger impacts

- **Trade-offs:** efficiency now vs resilience tomorrow
- **Uncertainty:** what shocks? what works? who pays?

This inquiry focuses on the medium-term

Short-term

6 to 12 months

Critical supply chains with dedicated resilience arrangements for continuity.

Medium-term

1 to 10 years (this inquiry)

Medium-term strategies.

Long-term

10+ years

Physical and social infrastructures underpinning supply chains.

Starting with industries of focus:

- Food/beverage
- Agriculture
- Forestry
- Fishing
- Construction
- Manufacturing
- Tourism
- Digital


What we've heard so far

Four key themes:

- Immediate concerns around the resilience of supply chains faced by businesses/industries.
- Strong appetite for long-term investment in infrastructure.
- Highly conscious of environmental considerations – eg decarbonisation, climate change mitigation, transition towards a low-emissions economy.
- Mixed views around the role of government in achieving resilience, though most were in favour of public-private partnership governance forums.

We are working on our Draft Report

1. **Economic modelling:** what do different shocks look like?
2. **Trade data analysis:** which goods and services are vulnerable?
3. **Case studies:** where are there good examples?
4. **Māori economy:** how does it think about resilience?
5. **Past inquiries:** what else have we said about this?

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- Where are the weak spots?
 - Who is affected?
 - Where have we done this before?

Next steps

