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Global New Zealand – International trade, investment, and travel profile: Year ended December 2013

Key points

Global New Zealand – International trade, investment, and travel profile is a twice-yearly report co-published by Statistics New Zealand and the Ministry of Foreign Affairs and Trade. It uses annual data for overseas merchandise trade, international trade in services, foreign direct investment, and international travel and migration figures.

Global NZ – year ended December 2013

All comparisons are between the year ended December 2013 and the year ended December 2012, unless otherwise stated.

New Zealand's two-way trade of goods and services (exports plus imports) for the year ended December 2013 was valued at \$125 billion, up \$3.0 billion from the previous year.

The value of New Zealand's goods and services exports for the year ended December 2013 was \$64.2 billion, up 3.0 percent from the year ended December 2012. The rise in overall exports in 2013 was driven by the rise in goods exports, which reached \$48.0 billion (up \$2.0 billion, or 4.3 percent).

The largest increase in goods exports came from milk powder exports, up \$1.8 billion to \$8.7 billion – the highest-ever value of milk powder exported for any year. Pine logs and butter also contributed to the increase in goods exports.

Throughout 2013, there were plenty of record highs for exports of dairy products (including milk powder), due to exports to China. Dairy exports reached \$13.6 billion, and \$4.6 billion of this went to China.

China moved up the ranks to become our top destination for goods exports, with \$10.0 billion worth in 2013. Just under half of this was dairy exports. China accounted for 21 percent of our total exports in 2013, compared with the 19 percent that went to Australia. Exports to our neighbours across the Tasman have been declining since 2011.

Services exports fell 83 million (0.5 percent) to \$16.1 billion in the year ended December 2013, led by merchanting and film production services.

The value of New Zealand's goods and services imports for the year ended December 2013 was \$61.0 billion, up 1.9 percent from the year ended December 2012. Goods imports rose 2.4 percent (\$1.1 billion), and services imports rose 0.5 percent (\$68 million).

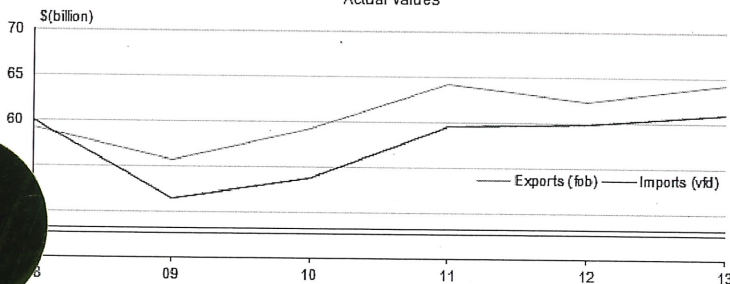
The annual goods and services trade balance for the year ended December 2013 was a \$3.2 billion surplus. This comprised a goods trade surplus of \$2.1 billion and a services trade surplus of \$1.1 billion.

At 31 December 2013, New Zealand's direct investment abroad was valued at \$22.5 billion, down \$673 million from 31 December 2012. Foreign direct investment in New Zealand was valued at \$102 billion, up \$2.0 billion from the previous year.

Total international arrivals rose 6.1 percent from the year ended December 2012, reaching 2.8 million visits. Total international departures rose 0.4 percent, to 2.3 million for the year ended December 2013.

New Zealand's trade in goods and services

Year ended December, 2008–13
Actual values



Source: Statistics New Zealand

Trade with China

China our top destination for goods exports

China became our top destination for goods exports for the first time for a December year, a spot Australia had held since the year ended September 1989. Exports to China were valued at \$10.0 billion, of which \$4.0 billion was milk powder. This is the highest-ever value of milk powder exported to China for any year.

China received 21 percent of our goods exports in 2013, while 19 percent were destined for Australia. Exports to Australia have been declining since 2011.

China continues to be our main import partner. In 2013, we imported \$8.3 billion worth of Chinese goods, up \$547 million. Imports from Australia fell \$760 million to \$6.4 billion for the year ended December 2013.

Services trade

There were increases for both services exports (up \$230 million to \$1.5 billion), and imports (up \$74 million to \$437 million) for China. Australia had a fall in services exports (down \$191 million to \$4.2 billion), and a fall in imports (down \$199 million to \$5.0 billion). China ranked below Australia for both services exports and imports for the year ended December 2013.

Stocks of investment between New Zealand, China, and Australia

In 2013, New Zealand direct investment in China fell \$106 million to \$76 million, while our investment in Australia fell \$513 million to \$12.1 billion. The value of direct investment in New Zealand by China and Australia both rose in the year ended December 2013.

Comparison with the year 2008

The New Zealand–China Free Trade Agreement took effect in October 2008. In the year ended December 2008, China was our fourth-largest export market for goods, with total exports to the country valued at \$2.5 billion.

Services exports to China were valued at \$900 million (year ended June 2008), and China was ranked then as our fifth-largest export market for services. By the year ended December 2013, it had become our third-largest market.

Goods trade

Goods exports rise \$2.0 billion

In the year ended December 2013, New Zealand's goods exports were valued at \$48.0 billion, up \$2.0 billion (4.3 percent) from the previous year.

The majority of export commodities were down, with much of the increase in exports coming from dairy destined for China. The top export commodities – dairy, meat, and wood – accounted for 47 percent of total exports in the latest year.

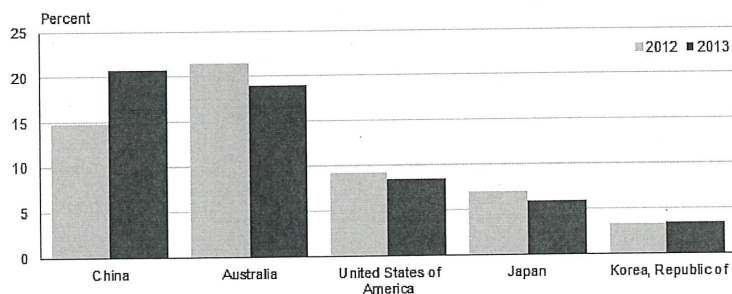
Our top five export markets for the year ended December 2013 were:

- **China** – accounting for \$10.0 billion of New Zealand's total exports, up \$3.1 billion from the December 2012 year
- **Australia** – \$9.1 billion, down \$783 million
- **United States** – \$4.1 billion, down \$160 million
- **Japan** – \$2.8 billion, down \$382 million
- **Korea** – \$1.6 billion, up \$78 million.

The top five export countries accounted for 57 percent of total exports.

Exports to **Asia-Pacific Economic Cooperation (APEC)** countries accounted for \$35.6 billion of our total exports. Exports to the **European Union (EU)** accounted for \$4.7 billion of total exports.

Goods exports (fob) by country of destination
As a proportion of total exports
2012 and 2013



Source: Statistics New Zealand

Exports of agricultural products increase

Exports of agricultural products increased \$2.3 billion to \$28.8 billion in the year ended December 2013. Our top two export commodities – dairy, and meat and meat products – both rose, with the majority of the increase coming from dairy.

Dairy product exports rose \$2.0 billion (16 percent) to \$14.6 billion, due to rises in exports of concentrated milk and cream. Destinations with the largest increases were:

- China (the largest increase was in milk powder)
- Belgium (butter)
- Philippines (milk powder).

Meat and meat product exports rose \$74 million (1.3 percent), led by increases in sheep meat exports. China had the largest increase.

APEC countries received 70 percent of our agricultural product exports. Exports to APEC countries rose \$2.6 billion (15 percent), led by the rise in exports to China.

The **EU** received 12 percent of agricultural exports. The value of exports to the EU rose \$108 million (3.1 percent). The largest contributions came from exports to the Belgium and Netherlands.

Exports of non-agricultural products decrease

Exports for this grouping fell \$307 million to \$19.2 billion in the year ended December 2013. Key movements were seen for:

- mineral fuels and chemicals (down \$606 million)
- machinery (down \$241 million)
- metal and metal articles (down \$160 million)
- forestry and forestry products (up \$686 million).

Goods imports rise \$1.1 billion

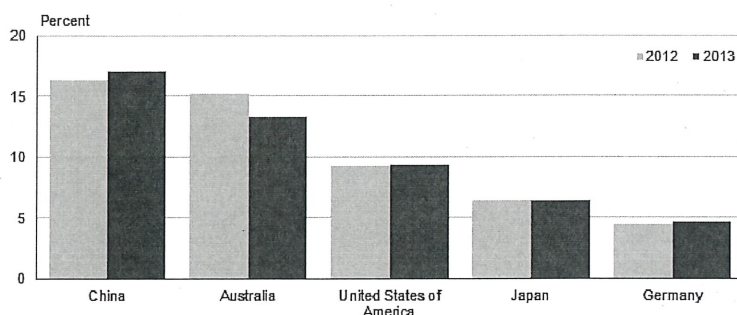
Our top five import partners for the year ended December 2013 were:

- **China** – accounting for \$8.3 billion of New Zealand's total imports, up \$547 million from the December 2012 year.
- **Australia** – \$6.4 billion, down \$760 million
- **United States** – \$4.5 billion, up \$142 million
- **Japan** – \$3.1 billion, up \$34 million
- **Germany** – \$2.2 billion, up \$131 million.

The top five import countries accounted for 51 percent of total imports.

Imports from **APEC** countries were valued at \$34.7 billion of our total imports. Imports from the **EU** were valued at \$8.1 billion of total imports.

Goods imports (cif) by country of origin
As a proportion of total imports
2012 and 2013



Source: Statistics New Zealand

Imports led by fuels and machinery

Mineral fuels and oils (including crude oil) were New Zealand's highest-value imports, worth \$8.2 billion – down \$164 million from the December 2012 year. Other significant imports included:

- machinery (\$6.1 billion)
- vehicles (\$5.8 billion)
- electrical machinery (\$3.8 billion).

China was New Zealand's largest source of goods imports in the year ended December 2013, with \$8.3 billion (17 percent) of total imports – up \$547 million from the previous year. The highest-value import commodity from China was computers, valued at \$782 million (down 1.1 percent), followed by telephones and cellphones, valued at \$615 million (up 12 percent).

Australia was our second-largest source of imports, accounting for \$6.4 billion (13 percent) of total imports – down \$760 million from the previous year. The highest-value import from Australia was motor vehicles, valued at \$320 million (down 1.2 percent).

The **United States** was New Zealand's third-largest source of imports, valued at \$4.5 billion (9.4 percent) of total imports. Turbo-jets and turbo-propellers, and motor vehicles were the two largest import commodity groups by value.

Services trade

Exports of services fall \$83 million

New Zealand exported \$16.1 billion of services in the year ended December 2013, down \$83 million from the previous year. The majority of services exports were down compared with the previous year, mainly due to falls in merchanting and film production services.

Despite the general fall in exports of services, New Zealand's service exports to China increased \$230 million. Expenditure by visitors from China continued to rise, driven by more travellers.

Travel and transportation services, valued at \$11.6 billion for the year ended December 2013, accounted for 72 percent of total service exports.

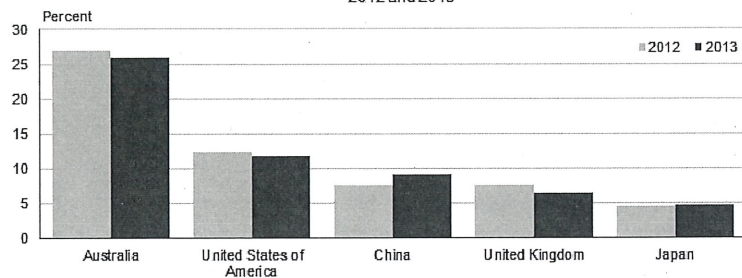
Our top five export partners for services had the following changes in the year ended December 2013, compared with the previous year:

- **Australia** – accounted for \$4.2 billion of New Zealand's service exports, down \$191 million
- **United States** – \$1.9 billion, down \$97 million
- **China** – \$1.5 billion, up \$230 million

- **United Kingdom** – \$1.0 billion, down \$191 million
- **Japan** – \$749 million, up \$9.0 million.

Service exports by country of destination

As a proportion of total exports
2012 and 2013



Source: Statistics New Zealand

Service imports rose \$68 million

New Zealand imported \$15.1 billion of services during the year ended December 2013, up \$68 million (0.5 percent) from the previous year. Higher expenditure on travel services and on insurance services contributed to this rise.

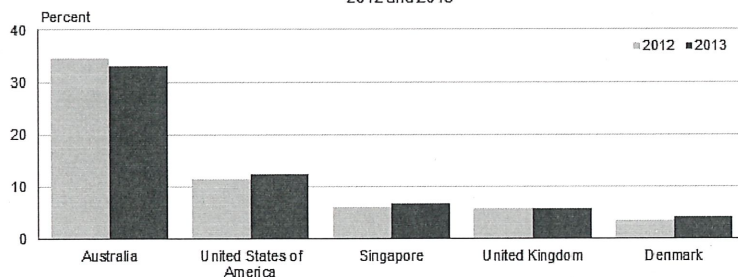
Travel and transportation services, valued at \$8.5 billion for the year ended December 2013, accounted for just over half of total service imports.

Our top five service import partners had the following changes in the year ended December 2013, compared with the previous year:

- **Australia** – accounted for \$5.0 billion of New Zealand's service imports, down \$199 million
- **United States** – \$1.9 billion, up \$180 million
- **Singapore** – \$1.0 billion, up \$92 million
- **United Kingdom** – \$856 million, up \$17 million
- **Denmark** – \$625 million, up \$121 million.

Service imports by country of origin

As a proportion of total imports
2012 and 2013



Source: Statistics New Zealand

Trade balance

Annual trade surplus is \$3.2 billion

The **goods and services trade balance** for the year ended December 2013 was a \$3.2 billion surplus (5.0 percent of exports). This compares with a \$2.4 billion surplus (3.9 percent of exports) for the year ended December 2012.

The **goods trade balance** (exports fob – imports vfd) for the year ended December 2013 was a \$2.1 billion surplus (4.4 percent of exports). This compares with a \$1.2 billion surplus (2.6 percent of exports) for the year ended December 2012.

The **services balance** for the year ended December 2013 was a \$1.1 billion surplus (6.7 percent of service exports). This compares with a \$1.2 billion surplus (7.6 percent of service exports) for the year ended December 2012.

Foreign direct investment

Stock of investment in New Zealand up \$2.0 billion

Foreign direct investment in New Zealand was valued at \$102 billion at 31 December 2013, up \$2.0 billion from 31 December 2012. The value of direct investment by Australia, Singapore, and Canada rose, while investment from the United States fell.

New Zealand's stock of direct investment abroad was valued at \$22.5 billion at 31 December 2013, down \$673 million from 31 December 2012. This fall was mostly due to a fall in direct investment held in Australia (down \$513 million).

Migration

Increase in overseas arrivals led by short-term visitors

Total overseas visitor arrivals to New Zealand numbered 2.8 million for the year ended December 2013, up 6.1 percent from the year ended December 2012. The increase was mainly due to more short-term visitor arrivals



from: Australia (up 5.4 percent), China (up 16 percent), and the United States of America (up 13 percent). The largest decrease was in short-term visitor arrivals from Korea.

Total departures from New Zealand numbered 2.3 million for the year ended December 2013, up 0.4 percent from the year ended December 2012. Short-term New Zealand-resident departures to Australia, the United States, and Fiji all rose.



