

New Zealand

Business Conditions Snapshot

Like all economies, New Zealand has been affected by COVID-19, though not to the extent predicted. NZ's initial domestic restrictions triggered lows in economic activity. However, card spending has recovered to exceed pre-COVID levels, though this will be affected by any future outbreaks. NZ Treasury predicts unemployment will peak at around 8 per cent in March 2022. Due to COVID-19, net core Crown debt (as a percentage of GDP) is forecast to peak at 53.6 per cent in the 2023 financial year before stabilising.

The New Zealand Government says it will focus on infrastructure as an important part of the COVID-19 economic recovery. The 2020 Budget included NZD3 billion for infrastructure, including 8,000 new public houses. The government has also committed to reforming the Resource Management Act to simplify development approval processes.

Key facts and figures

- Population: 4.9 million (2018)
- GDP growth: 2.5% (2019)
- GDP per capita: US\$40,634
- Two way trade (2018-2019): A\$30.6bn
- Key goods exports (A\$m):
Telcom equipment, aluminium, computers and medicaments
- Key goods imports (A\$m):
Edible products, crude petroleum, gold, tobacco
- Key services exports (A\$m):
personal travel, transport
- Key services imports (A\$m):
personal travel, other business
- Total two-way investment: A\$144 billion of which A\$97 billion is Australian investment in New Zealand (2018)

Trade and Investment Opportunities

- Australian businesses have a significant presence in New Zealand's financial services industry.
 - Australian-owned banks in New Zealand account for over three-quarters of the banking sector.
 - Australian insurers account for roughly three-quarters of New Zealand's insurance sector.
 - Australian companies have a major presence in New Zealand's retail, construction, manufacturing, and communications industries.
- There is a strong bilateral investment relationship between Australia and New Zealand.
 - Australia is the largest foreign investor in New Zealand.
 - Australian foreign direct investment (A\$56.5 billion) accounts for more than half of the total foreign direct investment in New Zealand.
- Australia is New Zealand's top investment destination:



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- Total New Zealand investment in Australia is worth A\$47 billion, of which total foreign direct investment is A\$6.5 billion.
- A number of trans-Tasman initiatives have helped cement this strong investment relationship, including the ANZCERTA Protocol on Investment, which has resulted in lower compliance costs, higher screening thresholds and greater legal certainty when investing across the Tasman.
- Despite COVID-19 there are significant commercial opportunities in New Zealand due to continued freight accessibility.
 - **Infrastructure:** the New Zealand government's significant commitments to water and civil infrastructure over the next decade provide numerous opportunities for Australian businesses.
 - **Food:** demand for high end food exports from Australia continues.
 - **Agritech:** New Zealand's agribusiness expertise provides opportunities to collaborate on precision agriculture technologies, connectivity and smart farm management technology and practices.
 - **Defence:** interest in supply chain diversification due to COVID-19 provides opportunities in the defence industry and advanced manufacturing space.
 - **Science and research:** collaboration between Australia and New Zealand in science, research and innovation is underscored by the 2017 Australian New Zealand Science, Research and Innovation Cooperation Agreement.

Trade Policy and Negotiations

- Australia and New Zealand benefit from one of the world's most comprehensive, effective and mutually beneficial free trade agreements. Since the Australia and New Zealand Closer Economic Relations Trade Agreement came into force in 1983, two-way trade has grown at an average annual rate of around six per cent. New Zealand is Australia's seventh largest export market by value but is the number one market destination for Australian exporters. Over 18,500 Australian businesses export to New Zealand, followed by the US and China.
- Using the foundations of the agreement, the Australian and New Zealand governments have been working to improve business opportunities by reinvigorating the trans-Tasman single economic market. Current initiatives include promoting digital trade, e-invoicing and further streamlining trans-Tasman movement of people and goods.

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