

Analysis of NZ merchandise trade – Year to December 2011

Statistics New Zealand has released finalised merchandise (goods) trade data for the year to December 2011. The Information Releases on NZ's overseas merchandise trade are available on Statistics New Zealand's website (www.stats.govt.nz). This note provides a summary of the value of NZ's merchandise trade with key markets.

This note updates the analysis which was prepared in February 2012 using Statistics New Zealand's provisional data.

Total trade

NZ's total trade with the world was valued at over \$92 billion in the year to December 2011 (annual growth of 10.4%).

Exports

- NZ's total exports grew by 9.6% to reach \$47.7 billion in the year to December 2011.
- NZ's exports grew in all five of its top five markets in 2011. The top five export groupings comprised 64% of NZ's total exports. In order of NZ's top export destinations:
 1. Australia remains NZ's largest market for exports, taking 22.7% of NZ's exports. NZ's exports to Australia were valued at \$10.8 billion (8.2% annual growth).
 2. NZ's exports to China were valued at \$5.9 billion. China is NZ's second largest destination for our exports, taking 12.3% of NZ's exports. NZ's exports to China grew by over \$1 billion (or 22% annual growth) in 2011.
 3. The EU-27 is NZ's third largest market for exports, taking 11.2% of NZ's exports. NZ's exports to the EU-27 were valued at just under \$5.4 billion (7.4% annual growth).
 4. NZ's exports to ASEAN-10, NZ's 4th largest market, taking 9.4% of NZ's exports, were valued at just under \$4.5 billion (2.3% annual growth).
 5. NZ's exports to the United States (US) were just under \$4.0 billion (6.3% annual growth). Exports to the US were 8.4% of NZ's total exports.

Imports

- NZ's total imports were valued at \$44.5 billion in the year to December 2011 (annual growth of 11.3%).
- The top five sources of NZ's imports comprised 72% of NZ's total imports in 2011. There was a mix of annual growth and decline in these top five import sources.
 1. China has become NZ's largest source of imports. NZ's imports from China were valued at \$7.049 billion (10.5% annual growth). NZ sourced 15.8% of its total imports from China.
 2. The value of NZ's imports from Australia fell by over \$300 million (or 4.3%) to \$7.039 billion. One factor that contributed to this decline was the drop in NZ's mineral fuel

imports (HS2) from Australia from \$452 million in 2010 to \$208 million in 2011. NZ sourced 15.8% of its total imports from Australia.

3. NZ's imports from the EU-27 were valued at \$6.9 billion (annual growth of 18.1%). NZ sourced 15.6% of its total imports from EU-27 economies.
4. NZ's imports from ASEAN-10 countries were \$6.2 billion (annual growth of 7.4%). NZ sourced 14% of its total imports from ASEAN-10 economies.
5. The US is the 5th largest source of imports. Imports from the US were valued at \$4.8 billion (annual growth of 15%). NZ sourced 10.7% of its total imports from the US.¹

Breakdown by level of processing (LOP) – Exports

- Exports of unprocessed primary products (e.g. beef, fruit and vegetables, live animals, minerals and fuels) grew by 12%. In 2011, exports of unprocessed primary products made up 33% of NZ's total exports.
- Exports of processed primary products (e.g. cheese, cereals, wine, refined oil, wool and other dairy) grew by 11% and in 2011, made up 37% of NZ's total exports.
- Exports of simply transformed manufactures (e.g. un-worked metal alloys, casein, organic chemicals and leather skins) grew by 3% in 2011, and made up 9% of NZ's total exports.
- Exports of elaborately transformed manufactures (e.g. worked metals, medicaments, mechanical equipment and vehicles) grew by 3% in 2011 and made up 16% of total exports.
- The balance of NZ's exports is made up of miscellaneous, unclassified and confidential trade.

Breakdown by level of processing (LOP) – Imports

- Imports of unprocessed primary products grew by 28% and made up 16% of NZ's total imports.
- Imports of processed primary products grew by 8% and made up 14% of NZ's total imports.
- Imports of simply transformed manufactures grew by 9% and made up 9% of NZ's total imports.
- Imports of elaborately transformed manufactures grew by 7% and made up 61% of NZ's total imports.
- The balance of NZ's imports is made up of miscellaneous, unclassified and confidential trade.

Country analysis

Below are some interesting points for each of NZ's top five trading partners.

Australia

- Australia remains our number one trading partner.
- NZ's largest export product to Australia was mineral fuels (at HS2 level), with exports valued at just under \$2.5 billion (growth of \$640 million or annual growth of 35.4%). Mineral fuels

¹ The value of NZ's imports from the US has been revised upwards from a provisional figure of \$4.5 billion to \$4.8 billion, reflecting the late inclusion of an aircraft import. The annual growth of imports from the US has also been revised upwards from 9.6% to 15%.

make up 22.7% of NZ's exports to Australia. Crude oil makes up the vast majority (\$2.2 billion) of this.

- Exports of aluminium, fertilisers, cereal preparations and dairy all fell by approximately \$20 million in 2011.
- NZ's largest import product from Australia was vehicles, with imports valued at \$441 million (annual decline of 2.4%). Vehicles comprise 6.3% of total imports from Australia.
- NZ's imports of mineral fuels halved in 2011, from \$450 million in 2010 to \$208 million in 2011, the biggest decline (by value) for any product group.

China

- China is our second largest trading partner.
- Dairy products (HS04) are NZ's largest export product to China. Dairy exports grew by \$344 million to reach just under \$2.2 billion in 2011. Dairy products comprised 37% of total exports to China in 2011.
- Machinery and electrical machinery are the largest two import products from China. NZ imported approximately \$1.4 billion worth of machinery and another \$1.3 billion worth of electrical machinery in 2011. These two import products had annual growth of 8.8% and 16.3% respectively.

EU-27

- The EU-27 is our third largest trading partner.
- Meat exports are our largest exports to EU-27 economies. Meat exports made up 38.3% of NZ's total exports to the EU-27 and grew by over \$200 million to \$2.05 billion in 2011.
- Dairy and wool exports to the EU-27 also grew strongly by over 20% to reach \$435 million and \$230 million respectively.
- There was a \$50 million fall in the value of ships exported to the EU-27, down from \$71million to \$22 million (although ships make up a small 0.41% of total exports to the EU-27 group).
- Machinery and vehicles are NZ's largest two import products from EU-27 economies, comprising 34% of NZ's total imports from the EU-27. Both product groups grew by more than 10% in 2011, to reach \$1.3 billion and \$1.1 billion respectively.

ASEAN-10

- The ASEAN-10 group of countries are NZ's 4th largest trading partner.
- Dairy exports make up more than half of NZ's exports to ASEAN markets, and grew by 6.4% to reach \$2.3 billion in 2011.
- Meat exports to ASEAN markets fell by almost \$60 million to \$316 million.
- Exports of mineral fuels also fell, by over 99% from \$122 million to just under \$400,000. This is a particularly "lumpy" item.
- Imports of mineral fuels remain as NZ's largest import product from ASEAN markets, comprising 40.5% of NZ's total imports from ASEAN economies. Imports of mineral fuels grew by \$220 million to \$2.5 billion.
- There was a \$70 million fall in the value of vehicles imported from ASEAN, down to \$296 million.

US

- The US is NZ's 5th largest trading partner.
- Meat exports grew by 10.3% to reach \$1.1 billion in 2011, and comprise 28% of NZ's total exports to the US.
- NZ's exports of wood fell by \$34 million (or 17%) to \$172 million.
- NZ's largest import product from the US was aircraft, worth \$1.1 billion in 2011.²
- Machinery imports were NZ's second largest import product and grew by \$56 million (or 6.8%) to \$880 million.

Technical notes:

All exports are measured using free-on-board (FOB) values. All imports (except for the LOP data) are measured using a value-for-duty (VFD) valuation methodology. LOP data for imports are measured using a cost, insurance and freight (CIF) valuation methodology.

EU-27 refers to the following countries:

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

ASEAN-10 refers to the following countries:

Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Burma (Myanmar), Philippines, Singapore, Thailand, Viet Nam.

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² The value of NZ's imports of aircraft from the US has been revised upwards from a provisional figure of \$911 million.