

New Zealand

An overview on economy and business environment



New Zealand, Maori Aotearoa, is an island country in the South Pacific Ocean, Oceania. It is a remote land laying more than 1,000 miles (1,600 km) southeast of Australia, its nearest neighbour. The country comprises two main islands—the North and South islands—and a number of small islands. The capital city is Wellington and the largest urban area Auckland; both are located on the North Island.

Despite New Zealand's isolation, the country has been fully engaged in international affairs since the early 20th century, being an active member of a number of intergovernmental institutions, including the United Nations. Economically the country was dependent on the export of agricultural products, especially to Great Britain. The entry of Britain into the European Community in the early 1970s, however, forced New Zealand to expand its trade relations with other countries. It also began to develop a much more extensive and diversified industrial sector. Tourism has played an increasingly important role in the economy, though this sector has been vulnerable to global financial instability and has been hit hard by the Covid-19 pandemic.



Due to the pandemic, real GDP in New Zealand is expected to decline by 4.3% in 2020-21. The impact of COVID-19 on the New Zealand economy was strongest in the first quarter of the financial year, from April to June. An extensive lockdown of the New Zealand economy during the first quarter successfully achieved a near-elimination of COVID-19 across the country, enabling a relaxation of almost all COVID-19 restrictions. As a result, New Zealand's economic growth has rebounded after the first quarter and is expected to be quite resilient throughout the year. However, a small outbreak in Auckland, and ongoing restrictions on international travel, have continued to place downward pressure on economic growth.

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Although business confidence in New Zealand is expected to improve in 2020-21, it will remain negative overall. In 2021-22, business confidence is expected to return to positive territory. New Zealand's fast recovery from the COVID-19 pandemic, in combination with an overall improvement in global economic activity, is expected to drive stronger business investment. However, certain industries are likely to continue placing downward pressure on business confidence. In particular, tourism activity in New Zealand is unlikely to reach pre-COVID levels for several years, constraining tourism, hospitality and retail firms.



The country relies heavily on consumption to sustain its GDP, although low interest rates, a benevolent fiscal and monetary policy, and increases in real wages due to declining unemployment are also factor into its economic growth. Its proximity to Asia and Australia, and strong tourism and agricultural sectors also strengthen the economy. The country's entrepreneurial environment is one of the world's most efficient and competitive.

Expanding New Zealand's network of free trade agreements remains a top foreign policy priority. New Zealand was an early promoter of the Trans-Pacific Partnership (TPP) and was the second country to ratify the agreement in May 2017. Following the United States' withdrawal from the TPP in January 2017, on 10 November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In November 2016, New Zealand opened negotiations to upgrade its FTA with China; China is one of New Zealand's most important trading partners.

Over the last 30 years economy has gone from being one of the most regulated in the OECD to one of the least regulated, most free-market based economies. This dynamic growth has boosted real incomes, but left behind some at the bottom of the ladder and broadened and deepened the technological capabilities of the industrial sector.

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Fertile soil and excellent growing conditions coupled with sophisticated farming methods and advanced agricultural technology provide the ideal environment for pastoral, forestry and horticulture activities. Various primary commodities account for around half of all goods exports and New Zealand is one of the top five dairy exporters in the world.



New Zealand has a very export-driven competitive economy with exports accounting for about 30% of GDP. Complementing primary production are sizeable manufacturing and service sectors and growing high-tech capabilities. Tourism, film production, and winemaking are also significant. It's an outward-looking, internationally competitive economy with exports accounting for about 30% of GDP.

Top export destinations of commodities from New Zealand in 2019 are China, Australia, USA, Japan, Korea, United Kingdom, Hong Kong, other Asian countries, Singapore and Malaysia.

The top exported products are Dairy produce; birds eggs; natural honey; edible products of animal origin, not elsewhere specified or included, Meat and edible meat offal, Wood and articles of wood, wood charcoal; Edible fruit and nuts; peel of citrus fruit or melons, Preparations of cereals, flour, starch or milk; bakers' wares, Beverages, spirits and vinegar, Nuclear reactors, boilers, machinery and mechanical appliances, Fish and crustaceans, molluscs and other aquatic invertebrates. Concerning import, the top trading partners (import sources) of New Zealand are China, Australia, USA, Japan, Germany, Thailand, United Arab Emirates, Korea, Malaysia, Singapore.

Most imported products are Motor cars and other motor vehicles, Petroleum oils and oils obtained from bituminous minerals, crude; Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, television cameras, digital cameras; Turbo-jets, turbo-propellers and other gas turbines; Aircrafts and Medicaments.

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Especially in this period it is important to assess business partners and get in-depth information on any potential and actual partner, but only local providers have the specific knowledge and tools to provide the most reliable and accurate information.

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