

**COUNTRY PROFILE:**New Zealand**DATED:**SEPTEMBER 2011**CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

<i>Export Department Comment/Opinion</i>	Rating: 1A. Open Cover. Fair value of exposure and commitments. This is not a claims free market. (Euler Hermes: A/A; Altradius: 2; Coface: A1/A1) Sanctions: None
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***Recent Political Highlights***

- The current Prime Minister of New Zealand is John Philip Key, who was sworn in on the 19th of November 2008. New Zealand is a democracy and a member of the British Commonwealth. The next general election will be held this coming November and it is expected that the ruling National Party will continue to be the largest party in parliament.

***Recent Economic Highlights***

- New Zealand has a population of approximately 4,290,347 people. It is a small open economy which is dependent on the services and manufacturing industries with tourism and agriculture also playing a crucial role. Services are expanding with the retail trade and accommodation cafes & restaurants sectors reflecting the highest expansion according to the Business NZ Performance of Service Index July 2011 results.
- Exports increased by 4.5% in the quarter ending June 2011 with diary products and meat contributing 80% of the total increase. Imports decreased by 1% as a result of a 20% decrease in capital goods (transport equipment). Due to the earthquake, the construction sector weakened by 4.3% in March.
- Growth in early 2011 following the earthquake picked up, rising by 0.8%; the greatest contributors to this growth were the manufacturing, retail and wholesale sectors. Manufacturing sales volumes subsequently declined by 0.7% in Q2'11 with chemical, polymer and rubber product manufacturing declining 5.4%. CPI increased from 4.5% y-o-y in March to 5.3% in June 2011 on the back of increases in indirect taxes, food and petrol prices. Recent second quarter GDP data reflected a 0.1% growth rate, which fell short of projected growth of 0.6% in the three months to June. The economy is forecasted to grow by 2.1% by March 2012 and 4% in 2013. Reasons cited for this growth are high commodity prices, low interest rates, the Rugby World Cup and reconstruction from the earthquakes.
- The Annual Pacific Island forum will convene in New Zealand during September. The theme of the summit is "converting potential into prosperity." The focus will be on the promotion of sustainable economic development, climate change and ways to enhance the tourism, fisheries and energy sectors which are the regions strongest sectors. Companies in New Zealand are forming partnerships with Pacific governments on developing renewable energy in the islands which will be conducive to economic growth.
- On the 6<sup>th</sup> of May 2011 changes were made to the country's immigration instructions specifically related to migrant investors. These changes which will be effective from the 25<sup>th</sup> of June 2011, expand investment opportunities available. Residential properties, bank bonds and equities will now be included as investment categories available for migrant investors.
- A major tourism event occurring in September is the Rugby World Cup. It will attract an estimated 95,000 international visitors and the country is targeting potential investors through industry expo's and exhibitions. On the 22<sup>nd</sup> and 23<sup>rd</sup> of September, the agribusiness and primary industries sector will focus on supporters from South Africa, France and Wales. The food and beverage industry, which accounts for more than 50% of New Zealand's export earnings, is working with the country's Trade & Enterprise department to network with possible investors through a Food and Beverage Expo and other regional events.

***Latest Trade Developments***

- Major exports from New Zealand: dairy products, meat, wood and wood products, fish, machinery
- Major imports to New Zealand: machinery and equipment, vehicles and aircraft, petroleum, electronics, textiles, plastics
- Main trading partners of New Zealand: Australia, US, China, Japan, Germany, UK, Singapore
- SA's exports to New Zealand in 2009 totaled R544.6m; in 2010 they were R628m; and R241.6m year to June 2011.
- SA's import from New Zealand in 2009 totaled R1.1bn; in 2010 they were R1.1bn; and R566.8m year to June 2011.

*Researched and compiled by Nthabiseng Ntuli, economic services – Credit Guarantee Insurance*