

New Zealand

February 2022

Executive summary

This country fact sheet provides key trade, investment and tourism related statistics for New Zealand. Specifically, it shows global trade and investment flows including an analysis of top markets and products for New Zealand in relation to the Western Cape, highlighting the largest and fastest growing products and sectors. It also analyses tourism trends between New Zealand and the Western Cape. The key highlights are provided below:

Economy

- New Zealand's economy is estimated to have grown by 5.1% in 2021, a reflection of the bounce-back from the disruption caused by the global Covid-19 pandemic.
- The economy is forecast to slow to 3.3% in 2022 and 1.7% in 2023 as macroeconomic policies tighten and capacity constraints are alleviated only gradually after the border begins to (possibly) re-open in early 2022.

Trade

- New Zealand is ranked as the world's 55th largest exporter of goods (accounting for 0.2% of global exports) and 57th largest global importer of goods (accounting for 0.2% of world imports).
- New Zealand reported a trade surplus for the first time in 10 years in 2020, with exports growing at 11.18% to a value of ZAR612.74bn, despite challenges associated with Covid-19 restrictive trade policies.
- New Zealand's goods exports are relatively concentrated, with the export of dairy produce (at a value of ZAR174.03bn) accounting for 28.4% of the country's total export earnings in 2020.
- China was New Zealand's largest export and import partner in 2020, with exports reaching ZAR176.46bn and imports of ZAR136.57bn in 2020.
- South Africa was New Zealand's 34th largest export market in 2020, with exports to South Africa reaching a total value of ZAR1.82bn, while imports from South Africa reached a value of ZAR1.30bn, making South Africa the 41st largest import market.
- New Zealand was the Western Cape's 61st largest export market and its 54th largest import market in 2021.
- The export of fruit and nuts to New Zealand was the Western Cape's top export to this country, reaching a total export value of ZAR77.33m in 2021, while frozen fish was the largest import into the Western Cape - accounting for just over 46% (ZAR245.67m) of all imports from New Zealand in 2021.

FDI

- A total of 682 FDI projects, representing a total capital expenditure of ZAR362.15 billion, were recorded into New Zealand between January 2011 and December 2021.
- Over the same period, New Zealand recorded 571 outward FDI projects and a total capital outflow of ZAR242.10 billion.
- Three FDI project, representing a capex of ZAR444.51 billion, was recorded from the Western Cape to New Zealand between 2003 and 2021. Only one project moved in the opposite direction over the same period.

Tourism

- About 3 890 New Zealand nationals visited South Africa in 2020, down by -76.3% compared to the previous year.
- Approximately 58% of New Zealand tourists in South Africa were in the country to visit friends and relatives.
- 1 427 New Zealand tourists came to the Western Cape in 2020, compared to 5 386 in 2019.

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1. Economic Overview

Over the past 40 years, the government has transformed New Zealand from an agrarian economy, dependent on concessionary British market access, to a more industrialised, free market economy that can compete globally. 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. Per capita income rose for 10 consecutive years until 2007 in purchasing power parity terms but fell in 2008-09. Debt-driven consumer spending drove robust growth in the first half of the decade, fuelling a large balance of payments deficit that posed a challenge for policymakers. Inflationary pressures caused the central bank to raise its key rate steadily from January 2004 until it was among the highest in the OECD in 2007 and 2008. The higher rate attracted international capital inflows, which strengthened the currency and housing market while aggravating the current account deficit. Rising house prices, especially in Auckland, have become a political issue in recent years, as well as a policy challenge in 2016 and 2017, as the ability to afford housing has declined for many.

The post-pandemic performance of New Zealand's economy has been relatively strong. A sound public health response was effective in bringing infection rates quickly under control. While the pandemic and hard lockdown led to an unprecedented decline in activity in the first half of 2020, activity rebounded strongly in the second half on successful virus suppression and unprecedented fiscal and monetary policy support. Due to the ongoing border closure, tourism and education exports are lagging other sectors in the recovery. By contrast, low interest rates together with a structural housing supply shortage have led to rapidly rising house prices and strong construction activity. As in most advanced economies, inflation has remained subdued, and the financial system has remained resilient.

Despite expected near-term sluggish growth on account of the missed tourist season, real GDP is estimated to have grown by 5.1% in 2021, driven by domestic demand. The economy is forecast to slow to 3.3% in 2022 and 1.7% in 2023 as macroeconomic policies tighten and capacity constraints are alleviated only gradually after the border (possibly) begins to re-open in early 2022¹. Inflationary pressure will remain strong, as the economy continues to run above capacity and the labour market remains very tight, boosting wages.

Growth may slow more markedly if vaccination delays among some population groups were to push back border re-opening. However, the ongoing global pandemic and border closure will continue to depress migration and tourism flows. The unemployment rate is expected to peak at around 5.1%, while wage growth should remain modest. Inflation could experience temporary increases in the near term but, with output and employment below potential, is expected to durably reach the two-percent midpoint of the Reserve Bank of New Zealand (RBNZ)'s target range only from 2024.

Key near-term risks to the economic outlook relate to the domestic and global paths of the Covid-19 pandemic. Renewed domestic outbreaks and the potential for health risks to delay the border opening constitute important downside risks to growth, as does Covid-19's impact on New Zealand's trading partners and its export commodity prices. By contrast, faster-than-expected vaccine rollout could prompt a faster border reopening and stronger external demand.²

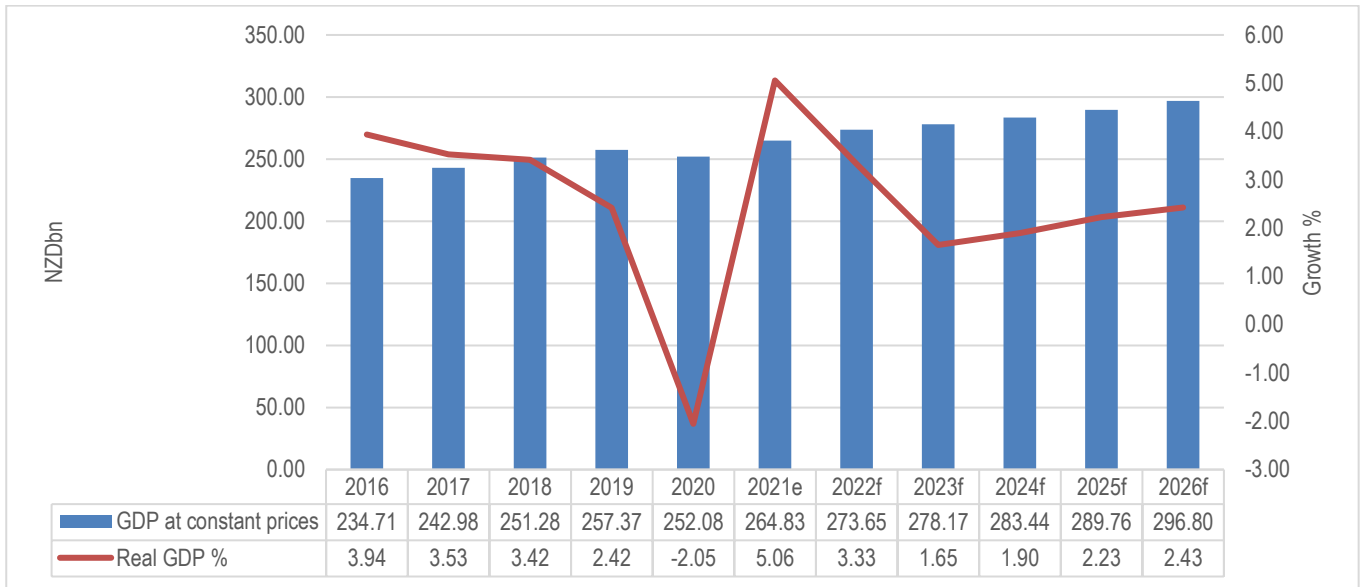
TABLE 1: ECONOMIC INFORMATION	
GDP, constant prices (national currency) (2022 est.)	NZD273.65bn
Real GDP growth (2022 est.)	3.3%
GDP per capita, constant prices (2022 est.)	NZD52,867.70
Inflation, consumer average prices (2022 est.)	2.22%
Official Cash Rate (24 November 2021)	0.75%
Unemployment rate (2022 est.)	4.39%
Total Exports (2020)	USD37.47bn
Total Imports (2021)	USD32.06bn

Sources: IMF 2022; Reserve Bank of New Zealand, 2022; Trade Map 2022.

¹ Sources: IMF, 2022

² Source: CIA World Factbook, 2022; IMF, 2022; OCED 2022; Reuters, 2022

FIGURE 1: NEW ZEALAND REAL GDP AND GDP GROWTH RATE, 2016 – 2026F



Source: IMF, 2022

In terms of economic structure, New Zealand's diverse economy has a sizable service sector, accounting for 66% of all GDP activity in 2020. The public-service sector is a large employer, especially in Wellington, where the head offices of government departments are located.

Tourism is an important part of New Zealand's economy. Most of the country's visitors originate from Australia, the United Kingdom, the United States, and China. Since the late 1990s there has been a significant increase in the number of international students— notably from China, South Korea, Japan, India, and Saudi Arabi, studying in language schools, universities, and polytechnics, and education has thus become an important source of foreign exchange.

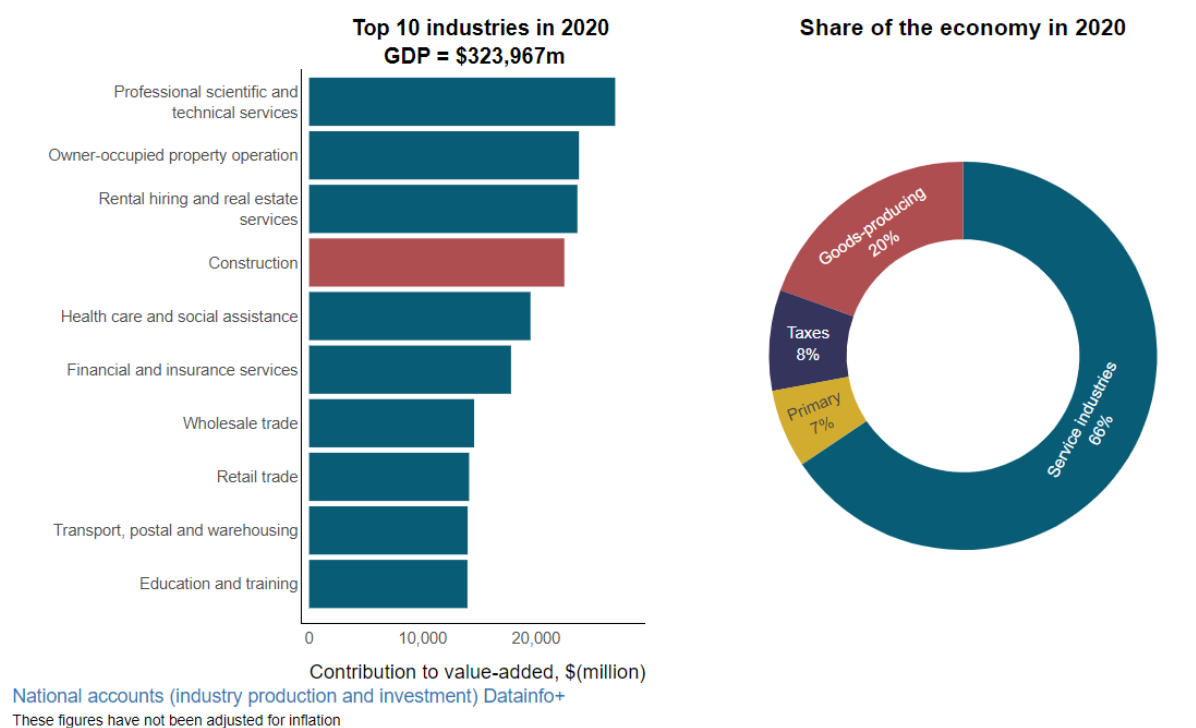
From a technology perspective, the information technology sector is growing rapidly.³

Further, large-scale manufacturing industries include aluminium production, food processing, metal fabrication, wood and paper products.

The primary sector continues to dominate New Zealand's exports, despite accounting for only 7% of GDP in 2020. The economy exports agricultural commodities such as dairy products, meat, forest products, fruit and vegetables, and wine, with dairy as the lead export commodity. New Zealand's GDP sectoral contribution is shown in Figure 2 below.

³ Sources: Stats NZ, 2022

FIGURE 2: NEW ZEALAND GDP SECTORAL CONTRIBUTION, 2020



Source: Stats NZ, 2022

1.1 New Zealand's Sovereign Credit Rating

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating" (Investopedia, 2020).

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing. Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

Recent rating on New Zealand was by **Fitch Ratings** on 06 January 2022. Fitch affirmed New Zealand's Foreign-Currency IDR at 'AA' with a positive outlook. The rating agency also affirmed the Long-Term Local-Currency IDR at 'AA+' with a stable outlook. New Zealand's ratings are underpinned by very high governance standards and a demonstrated commitment to prudent fiscal management, balanced against high levels of household and net external debt. A credible policy framework enhances the economy's resilience to shocks, as evident during the Covid-19 pandemic, where a robust public health and macro-policy response has enabled the country to weather the shock exceptionally well by global standards. The positive outlook reflected the view that buffers will likely be rebuilt over the medium-term based on New Zealand's record of prudent fiscal management and prospects for economic recovery, while the risks from the evolving pandemic remain significant. Resolving the outlook could allow for the alignment of the Long-Term Foreign-Currency IDR with the Long-Term Local-Currency IDR. The ratings have typically been equalised for investment-grade sovereigns by a downgrade of the Long-Term Local-Currency IDR under Fitch's Sovereign Rating Criteria. This is less likely for New Zealand, as reflected in the positive outlook, but is still a possibility should the improvement in fiscal metrics prove insufficient.

On 15 April 2021 **Moody's** reaffirmed the stable outlook on New Zealand's "Aaa" credit rating, saying it expects the economy to remain resilient in the face of external headwinds. While there was no upgrade from Moody's, which has applied a stable 'Aaa' rating to New Zealand since 2002, its commentary was similarly upbeat. The agency expressed expectation of economy remaining resilient because of its trade openness, diverse and competitive agricultural export base, flexible labour and product markets, high wealth levels and supportive demographics, driven by solid net immigration. Also, potential economy growth at a rate between 2.5% and 3% annually, which was "a level higher than that of many advanced-economy Aaa-rated peers".

S&P Global Ratings latest rating of New Zealand was on 22 February 2021. The agency raised the rating to AA+ with a stable outlook from AA with a positive outlook. The rationale for the rating was that New Zealand recovered quicker than most advanced economies because it has contained Covid-19 better than most. S&P said the upgrade was the first for any economy since the outbreak of the pandemic. It said the initial measures to contain the virus had resulted in a recession, but the strength of the recovery and relatively low debt supported the ratings upgrade. It cited the booming real estate market and consequent rise in private debt as risks, but ones that were manageable.⁴ New Zealand's credit ratings from the major agencies are as following:

TABLE 2: NEW ZELAND' SOVEREIGN CREDIT RATINGS, 2022			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	AA+	Aaa	AA+
OUTLOOK	Stable	Stable	Positive
DATE OF LAST CHANGE	2021-02-22	2021-04-15	2022-01-06

Sources: RNZ, 2022; Fitch Ratings, 2022

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company that offers these services is Belgium's Delcredere's (the country's official export credit agency and public credit insurer). The table below shows Delcredere's current risk assessment of New Zealand in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risks associated with exports transactions in New Zealand, these are considered low both in the short-term and medium to long-term.
- Business environment risk in turn relatively high.
- Regarding direct investments, these are considered to be low risk as indicated by scores awarded below.

TABLE 3: NEW ZELAND'S RISK ASSESSMENT - Delcredere		
EXPORT TRANSACTIONS (Scale 1 – 7) *		
Political Risks	Short Term	1
	Medium-Long term	1
	Premium Classification OECD	
Business Environment Risk	E **	
DIRECT INVESTMENTS		
Political Violence Risk	1	
Risk of expropriation and government action	1	
Currency Inconvertibility and Transfer	1	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and G is high risk.		

Source: ONDD, 2022

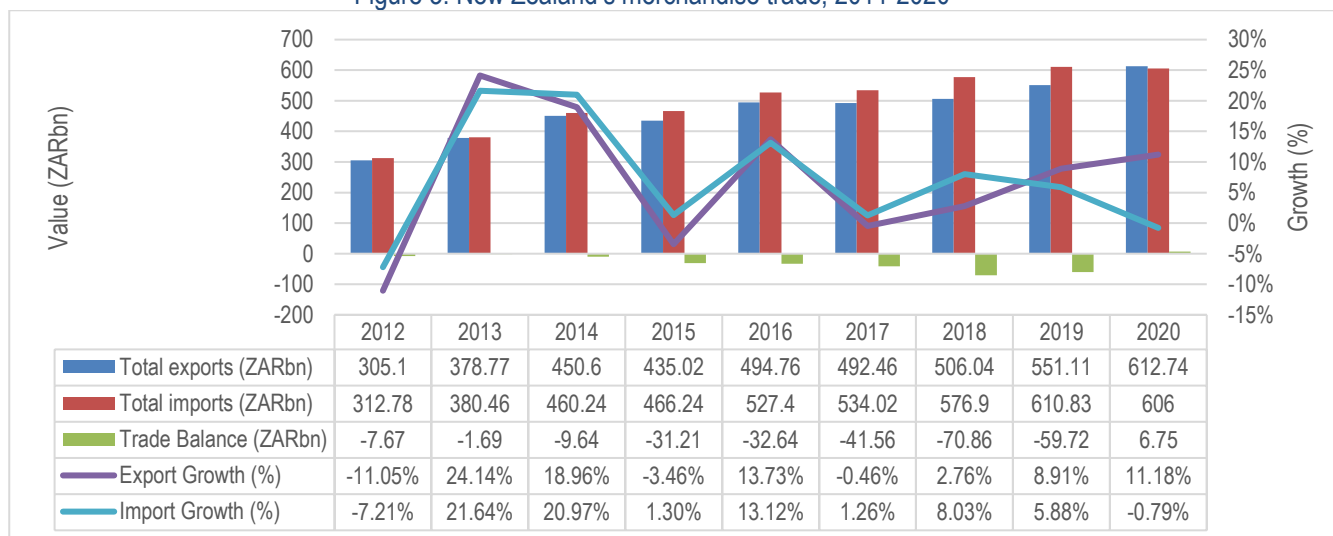
⁴ S&P Global Ratings; Fitch Ratings, 2021; Bloomberg, 2020

2. Trade

2.1 New Zealand trade in goods

New Zealand is ranked as the world's 55th largest exporter of goods (accounting for 0.2% of global exports) and 57th largest global importer of goods (accounting for 0.2% of world imports). As evident in Figure 3 below, New Zealand consistently recorded a trade deficit from 2012 to 2020, with total trade following an upward trend from just over ZAR617bn in 2012 to ZAR1.2tr by 2020 – with both exports and imports doubling over the last decade. Despite the world battling the coronavirus pandemic and the associated disruption of global supply chain challenges, New Zealand reported a trade surplus for the first time in 10 years in 2020, with exports growing by 11.18% to a value of ZAR612.74bn.

Figure 3: New Zealand's merchandise trade, 2011-2020



Source: Trademap, 2022

New Zealand's goods exports are relatively concentrated, with the export of dairy produce (at a value of ZAR174.03bn) accounting for 28.4% of the country's total export earnings in 2020. Meat and edible meat offal were the country's second largest export category, collectively reaching a value of ZAR86.25bn (or 14.08%) in 2020, followed by wood articles at a value of ZAR47.88bn, equivalent to a 7.8% share of exports in 2020. The export of cereal preparations had the highest growth, increasing at an average annual rate of 28.9% over the period 2016 to 2020. This was followed by the export of optical apparatus (19.2%); edible fruit and nuts (16.51%); and dairy produce (10.81%).

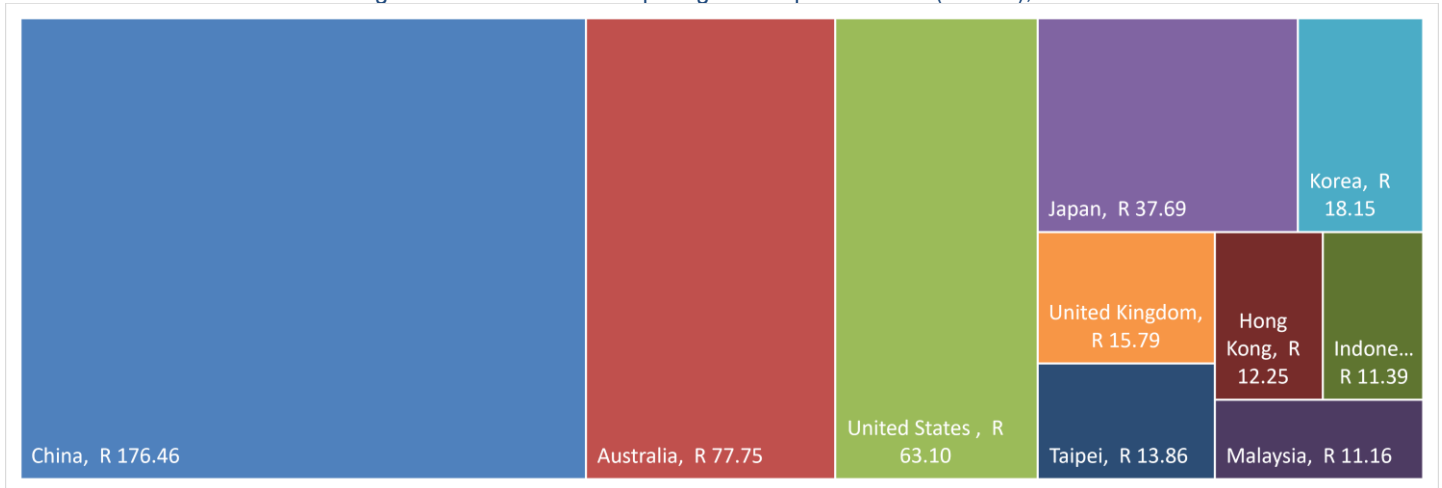
Figure 4: Top 10 exports from New Zealand, 2020

	Value (ZARbn), 2020	% Share	Ave Annual Growth (%), 2016-2020
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	174.03	28.4	10.81
Meat and edible meat offal	86.25	14.08	7.42
Wood and articles of wood; wood charcoal	47.88	7.81	9.59
Edible fruit and nuts; peel of citrus fruit or melons	41.82	6.83	16.51
Preparations of cereals, flour, starch or milk; pastrycooks' products	26.44	4.32	28.9
Beverages, spirits and vinegar	24.31	3.97	9.63
Fish and crustaceans, molluscs and other aquatic invertebrates	17.17	2.8	6.73
Albuminoidal substances; modified starches; glues; enzymes	15.53	2.53	4.65
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	14.81	2.42	19.2
Commodities not elsewhere specified	14.65	2.39	1.69
All products	612.74	100	7.22

Source: Trade Map, 2022

Given the strong economic relations between China and New Zealand, along with its Free Trade Agreement and proximity index, it is unsurprising that China was the country's largest export market, with exports reaching ZAR176.46bn in 2020. This was more double that of New Zealand's second largest export market, Australia, where trade reached a total value of ZAR77.75bn in 2020. Other key export markets for New Zealand's exports were the US (ZAR63.10bn); Japan (ZAR37.69bn); and Korea, which reached a total export value of ZAR18.15bn in 2020. Furthermore, South Africa was New Zealand's 34th largest export market in 2020, with exports to South Africa reaching a total value of ZAR1.82bn. This was equivalent to a 0.30% share in New Zealand's global exports in 2020. In contrast, imports from South Africa reached a value of ZAR1.30bn, making South Africa the 41st largest import market.

Figure 5: New Zealand's top 10 goods export markets (ZARbn), 2020



Source: Trade Map, 2022

In contrast, New Zealand's import basket was less concentrated than exports, with the top three exports accounting for approximately 35% of all products imported by New Zealand in 2020. These imports belonged to three categories, namely, 1) machinery (ZAR86.98bn or 14.35%); 2) vehicles (ZAR68.4bn or 11.29%); and 3) electrical machinery (ZAR56.48bn or 9.32%). Growth among the top 10 imported products was robust, reaching above 5% growth figures for most of its imports. Residues and waste from food industries had the highest average annual growth, increasing at a rate of 13.11% per annum from 2016 to 2020, while optical apparatus (9.01%) and pharmaceutical products (8.48%) ranked in second and third place respectively as depicted in Figure 6 below:

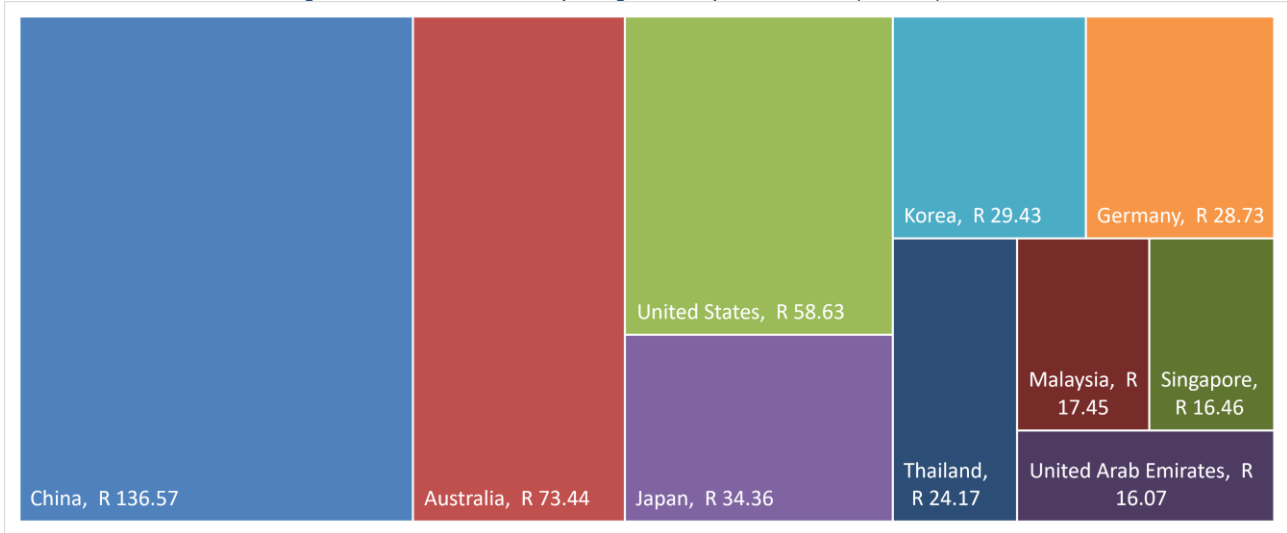
Figure 6: Top 10 products imported by New Zealand, 2020

Product Category	Value (ZARbn), 2020	% Share	Ave Annual Growth (%), 2016-2020
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	86.98	14.35	7.21
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	68.4	11.29	2.75
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	56.48	9.32	7.89
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	51.52	8.5	4.03
Plastics and articles thereof	23.72	3.91	5.39
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	21.66	3.57	9.01
Pharmaceutical products	16.29	2.69	8.48
Residues and waste from the food industries; prepared animal fodder	13.36	2.2	13.11
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	12.51	2.06	6.1
All products	606	100	5.5

Source: Trade Map, 2022

In turn, New Zealand's import partners followed a similar trajectory as its export partners, with China again accounting for the majority share of New Zealand's imports. More specifically, imports from China reached a total value of ZAR136.57bn in 2020, while its second largest import partner, Australia, supplied goods at nearly half of the value (ZAR73.44bn) in 2020. Other large New Zealand import partners were the US (ZAR58.63bn); Japan (ZAR34.36bn), and Korea (ZAR29.43bn).

Figure 7: New Zealand Top 10 goods import markets (ZARbn), 2020



Source: Trade Map, 2022

2.2 New Zealand comparative trade advantage

The figure below illustrates New Zealand's ranking in global trade. In 2020, New Zealand accounted for 0.2% of global exports and 0.2% of global imports, making it the 55th largest global exporter and the 57th largest global importer. Furthermore, New Zealand held a clear relative trade advantage in exports of dairy products, products of animal origin; modified starches; wool; meat and meat offal; and wood.

Figure 8: New Zealand's Comparative Trade Advantage, 2020

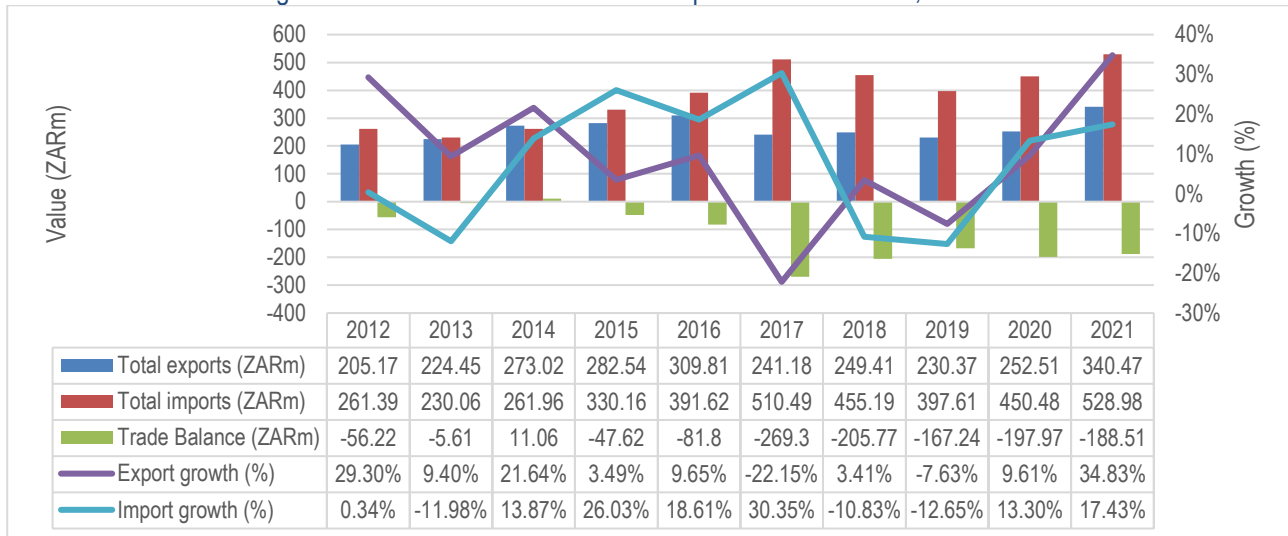


Source: TradeMap, 2022

2.3 New Zealand trade with the Western Cape

New Zealand was the Western Cape's 61st largest export market and its 54th largest import market in 2021. Given this dynamic, it can be expected that the Western Cape is likely to record a trade deficit with the said country. Expectedly, the province maintained a trade deficit with New Zealand, with this widening from a deficit of ZAR56.22m in 2012 to a shortfall of ZAR188.51m in 2020. Notwithstanding the general slowdown in global economic activities seen in 2020 as the Covid-19 pandemic took hold, the province's exports to New Zealand increased by 9.61% in 2020, with a strong recovery seen in 2021 where exports rose by 34.83% to a value of ZAR340.47m, up from ZAR252.51m earned in 2020. In parallel, imports from New Zealand recovered robustly in 2021, rising by 17.43% from ZAR450.48m in 2020 to ZAR528.98m in 2021.

Figure 9: Trade between the Western Cape and New Zealand, 2012-2021



Source: Quantec 2022

Given the Western Cape's comparative advantage in citrus production, it is unsurprising that the export of fruit and nuts to New Zealand was the Western Cape's top export, reaching a total export value of ZAR77.33m and accounting for 22.71% of the export basket. This was closely followed by the export of mechanical appliances, which ranked as the Western Cape's second largest export to New Zealand at a value of ZAR46.24m (or 13.58%) in 2021. Other key exports to New Zealand were wine (ZAR35.75m); beauty preparations (ZAR27.08m), and grapes (ZAR14.85m). Interestingly, the export of mechanical appliances was the province's fastest growing export to New Zealand, increasing at an average annual rate of 1237.34% per annum from 2017 to 2021.

Figure 10: Top 10 products exported from the Western Cape to New Zealand, 2021

	Value (ZARm), 2021	% Share	Ave Annual Growth (%), 2017-2021
Fruit, nuts and other edible parts of plants, otherwise prepared or preserved	77.33	22.71	-3.33
Mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders	46.24	13.58	1,237.34
Wine of fresh grapes	35.75	10.5	12.06
Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations	27.08	7.95	7.17
Grapes, fresh or dried	14.85	4.36	19.26
Fruit juices (including grape must) and vegetable juices	12.58	3.69	-3.9
Yachts and other vessels for pleasure or sports; rowing boats and canoes	9.01	2.65	310.19
Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics	8.62	2.53	71.57
Motor cars and other motor vehicles principally designed for the transport of persons	8.22	2.41	70.4
Mixtures of nuts or dried fruits	7.01	2.06	15.57
Total exports	340.47	100	3.61

Source: Quantec 2022

The Western Cape's import basket from New Zealand was relatively more concentrated, with the import of frozen fish accounting for just over 46% (ZAR245.67m) of all imports from New Zealand in 2021. Harvesting machinery followed as the second largest import category from New Zealand at ZAR75.93m (14.35%), followed by seeds at ZAR40.09m (7.58%). Of the top 10 imported products in 2021, the import of seeds had the highest growth, increasing at an average rate of 28.36% per annum over the period 2017 to 2021, followed by the import growth of food preparations (26.37%) in second and harvesting machinery – which grew at an average annual rate of 25.48% from 2017 to 2021.

Figure 11: Top 10 products imported from New Zealand to the Western Cape, 2020

	Value (ZARm), 2021	% Share	Ave Annual Growth (%), 2017-2021
Fish, frozen, excluding fish fillets	245.67	46.44	9.99
Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce ⁷	75.93	14.35	25.48
Seeds, fruit and spores, of a kind used for sowing	40.09	7.58	28.36
Other fruit, fresh	32.53	6.15	20.18
Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	18.46	3.49	10.4
Vegetables (uncooked or cooked by steaming or boiling in water), frozen	18.19	3.44	13.57
Food preparations not elsewhere specified or included	17.67	3.34	26.37
Fish fillets and other fish meat	10.97	2.07	
uaternary ammonium salts and hydroxides; lecithins and other phosphoaminolipids	9.5	1.8	
Guts, bladders and stomachs of animals (other than fish)	8.48	1.6	24.87
Total imports	528.98	100	7.52

Source: Quantec 2021

2.4 Travel distance and time from Cape Town to the major ports in New Zealand

The table below shows the transit times for shipping from Cape Town Port to the key ports in New Zealand:

Table 4: Transit time from Cape Town port to the top ports in New Zealand

	Port	Distance	Transit time (Days at sea)
1	Port Taranaki	7672 nm	32.00
2	Akaroa Harbour	7729 nm	32.20
3	CentrePort, Wellington	7867 nm	32.80
4	Cheviot Port	7826 nm	32.60
5	Kaipara Harbour	7823 nm	32.60
6	Manukau Harbour	7818 nm	32.60
7	Opuia Marina	8017 nm	33.40
8	Otago Harbour	7505 nm	31.30
9	Port Chalmers	7505 nm	31.30
10	Port Dunedin	7507 nm	31.30

Source: Ports.com, 2021

2.5 Tariffs imposed on South African exports to New Zealand

Table 5 below highlights the equivalent ad valorem tariff imposed by New Zealand on South African exports:

Table 5: Equivalent ad valorem tariff applied by New Zealand on imports from South Africa, 2021

Product	Equivalent ad valorem tariff (%)	Product	Equivalent ad valorem tariff (%)
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	4	Man-made staple fibres	2
Preparations of vegetables, fruit, nuts or other parts of plants	3	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	5
Salt; sulphur; earths and stone; plastering materials, lime and cement	0	Works of art, collectors' pieces and antiques	0
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	4	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	4
Paper and paperboard; articles of paper pulp, of paper or of paperboard	0	Cocoa and cocoa preparations	3
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	3	Ores, slag and ash	0
Carpets and other textile floor coverings	9	Articles of apparel and clothing accessories, not knitted or crocheted	10
Beverages, spirits and vinegar	2	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	1
Miscellaneous edible preparations	3	Man-made filaments; strip and the like of man-made textile materials	2
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	4	Glass and glassware	2
Edible fruit and nuts; peel of citrus fruit or melons	0	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable ...	2
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	1	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	0

Wood and articles of wood; wood charcoal	3	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	2	Ceramic products	4
Plastics and articles thereof	2	Footwear, gaiters and the like; parts of such articles	7
Miscellaneous manufactured articles	4	Knitted or crocheted fabrics	2
Miscellaneous chemical products	1	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	2
Iron and steel	3	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	2
Organic chemicals	0	Manufactures of straw, of esparto or of other plaiting materials; basket ware and wickerwork	2
Sugars and sugar confectionery	2	Cereals	0
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	1	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	2
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	1	Other base metals; cermets; articles thereof	0
Articles of iron or steel	4	Cotton	0
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	0	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0
Aluminium and articles thereof	3	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	0
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	3	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	2
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	4	Clocks and watches and parts thereof	0
Aircraft, spacecraft, and parts thereof	0	Fertilisers	0
Preparations of cereals, flour, starch or milk; pastrycooks' products	5	Raw hides and skins (other than furskins) and leather	2
Ships, boats and floating structures	3	Furskins and artificial fur; manufactures thereof	4
Pharmaceutical products	0	Headgear and parts thereof	7
Rubber and articles thereof	3	Cork and articles of cork	1
Articles of stone, plaster, cement, asbestos, mica or similar materials	4	Musical instruments; parts and accessories of such articles	0
Toys, games and sports requisites; parts and accessories thereof	4	Lead and articles thereof	0
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	5	Zinc and articles thereof	0
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	0	Tin and articles thereof	0
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	5	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	0
Albuminoidal substances; modified starches; glues; enzymes	2	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	1	Silk	0
Coffee, tea, maté and spices	1	Nickel and articles thereof	0
Residues and waste from the food industries; prepared animal fodder	1	Photographic or cinematographic goods	1
Copper and articles thereof	2	Tobacco and manufactured tobacco substitutes	2
Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	3	Lac; gums, resins and other vegetable saps and extracts	0
Commodities not elsewhere specified		Edible vegetables and certain roots and tubers	0

Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	0	Live animals	0
Articles of apparel and clothing accessories, knitted or crocheted	10	Meat and edible meat offal	3
Products of the milling industry; malt; starches; inulin; wheat gluten	2	Fish and crustaceans, molluscs and other aquatic invertebrates	0
Miscellaneous articles of base metal	4	Products of animal origin, not elsewhere specified or included	0

Source: Trade Map, 2022

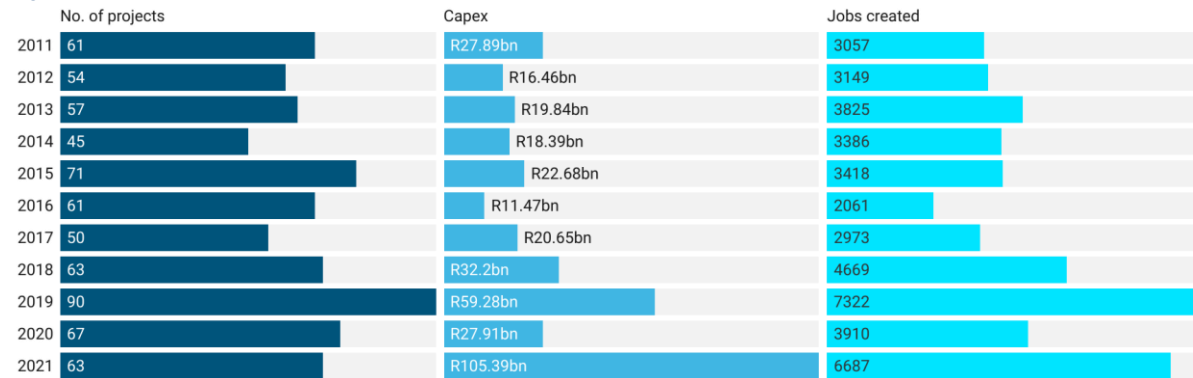
3. Foreign Direct Investment

This section analyses inward and outward Foreign Direct Investment (FDI) flows to and from the New Zealand between 2011 and 2021.

3.1 Inward FDI from the rest of the world to New Zealand

Between January 2011 and December 2021, New Zealand recorded a total number of 682 projects, which generated a total capital expenditure of ZAR362.15 billion and created about 44 457 jobs. The largest number of projects was announced in 2019, with 90 projects that year. Moreover, the largest capex (29% of total capex) was recorded in 2021, whereas the highest number of jobs (16% of total jobs) were recorded in 2019. Both average capex and average jobs peaked in 2021.

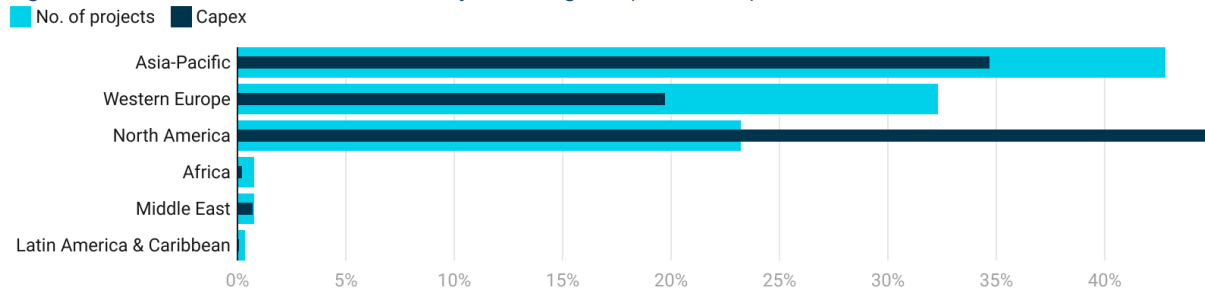
Figure 12: Inward FDI into New Zealand (2011-2021)



Source: FDI Intelligence (2022)

With a share of 42.82%, Asia-Pacific accounted for the highest number of FDI projects into New Zealand between 2011 and 2021, followed by Western Europe (32.26%) and North America (23.17%) as shown in Figure 13. In terms of the value of capital invested in New Zealand, North America (44.75%) ranked the highest, followed by Asia-Pacific (34.67%) and Western Europe (19.71%).

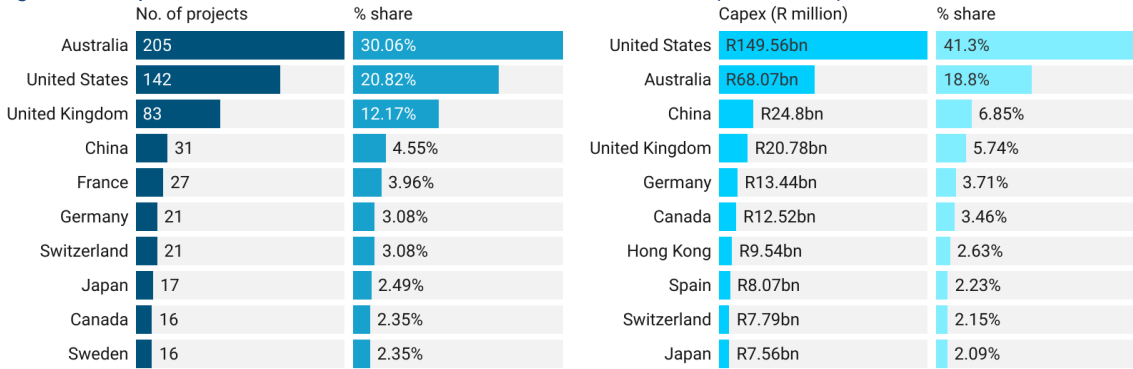
Figure 13: Inward FDI into New Zealand: by world regions (2011-2021)



Source: FDI Intelligence (2022)

Figure 14 contains the top 10 countries with investment in New Zealand in terms of both the number of FDI projects and the amount of capital expenditure between 2011 and 2021. The Australia (30.06%) and the United States (20.82%) were the top two countries with the highest number of FDI projects in New Zealand. These two countries also constituted the top two source markets in terms of capex, albeit in a reverse order, with the United States accounting for 41.3% of capex while Australia had a share of 18.8%.

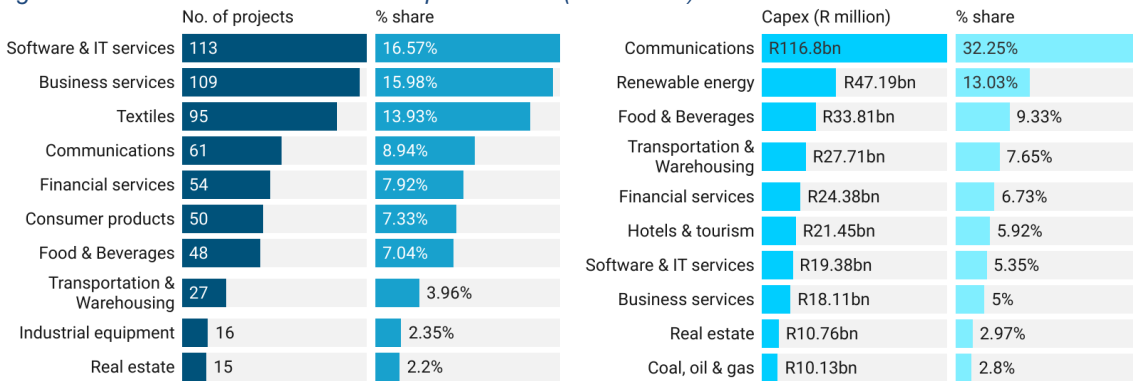
Figure 14: Top 10 source markets for inward FDI into New Zealand (2011-2021)



Source: FDI Intelligence (2022)

As shown in Figure 15, most of the capital inflows into New Zealand were destined for the following industries: Communication (accounting for 32.25% of total capex); renewable energy (constituting 13.03% of total capex); and food and beverages (representing 9.33% of total capex). Similarly, Software and IT services (113 projects), business services (109 projects) and textiles (95 projects) recorded the highest number of inward FDI projects in New Zealand between 2011 and 2021.

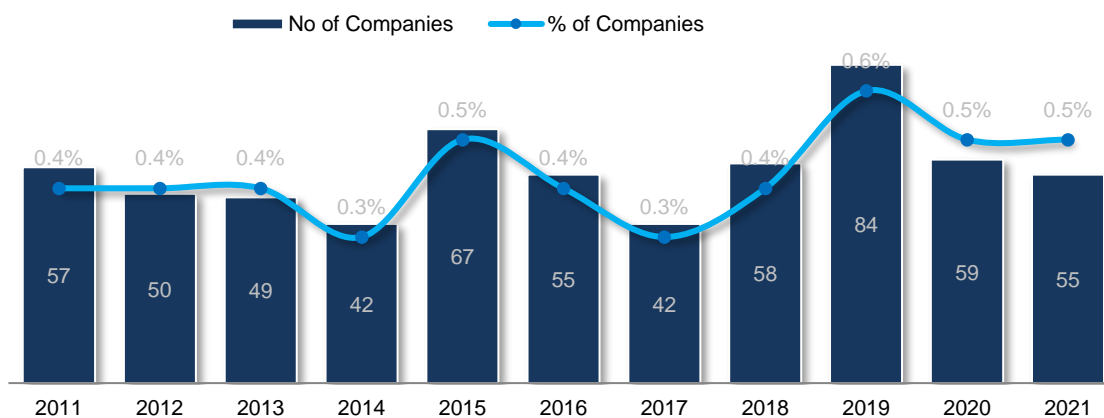
Figure 15: New Zealand's inward FDI: top 10 sectors (2011-2021)



Source: FDI Intelligence (2022)

A total of 544 companies invested in New Zealand between 2011 and 2021, out of a total 79 852 companies investing in FDI globally. In 2021, the number of companies that invested in New Zealand represented 0.5% of companies investing in FDI globally as shown in Figure 16.

Figure 16: Number of companies investing in New Zealand and percentage of all companies (2011 and 2021)



Source: FDI Intelligence (2022)

Table 6 shows the top 10 companies with the highest number of FDI projects in New Zealand from January 2011 to December 2021. The top 10 companies accounted for approximately 9.4% of total projects. Vodafone New Zealand tops the list with 13 projects,

followed by Hennes and Mauritz (H&M) and Mecca Brands, with 9 projects each. Within the past 12 months, two of the top ten companies have announced projects, with Vodafone New Zealand being the top investor over this period with four projects.

Table 6: Top 10 companies investing in New Zealand: by number of projects (2011-2021)

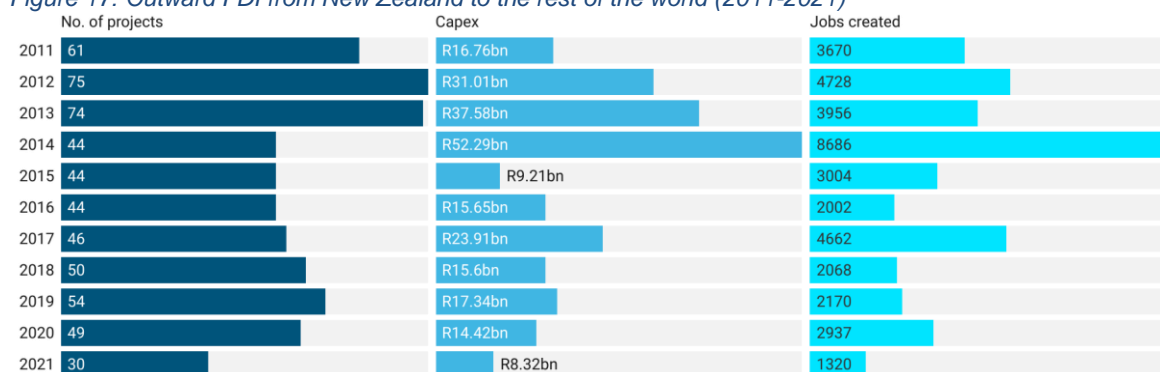
	Company name	Source country	No. of projects	Global projects	% of global projects	Projects in last 12 mths
1	Vodafone New Zealand	United Kingdom	13	13	100	4
2	Hennes & Mauritz (H&M)	Sweden	9	825	1	0
3	Mecca Brands	Australia	9	9	100	1
4	Synlait Milk	China	6	6	100	0
5	Cotton On	Australia	6	48	13	0
6	Bunnings	Australia	5	20	25	0
7	Huawei Technologies	China	4	427	1	0
8	Nespresso	Switzerland	4	95	4	0
9	Marsh	United States	4	21	19	0
10	Topshop	United Kingdom	4	46	9	0

Source: FDI Intelligence (2022)

3.2 Outward FDI from New Zealand to the rest of the world

Capital outflows from New Zealand to the rest of the world totalled ZAR242.10 billion during the period under consideration. These investments, which involved 571 projects, created about 39 203 jobs. The largest number of projects was announced in 2012, with 75 projects that year. Both average capex and average projects peaked in 2014.

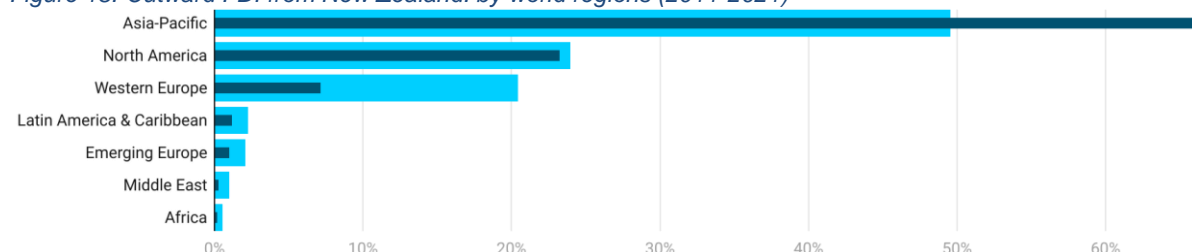
Figure 17: Outward FDI from New Zealand to the rest of the world (2011-2021)



Source: FDI Intelligence (2022)

Approximately 50% of outward FDI projects and 67% of capex from New Zealand landed in the Asia-Pacific region as shown in Figure 18. North America (with 24% of projects and 23.3% of capex) and Western Europe (with 20.5% of projects and 7.2% of capex) were, respectively, the second and third largest destination regions for outward FDI from New Zealand.

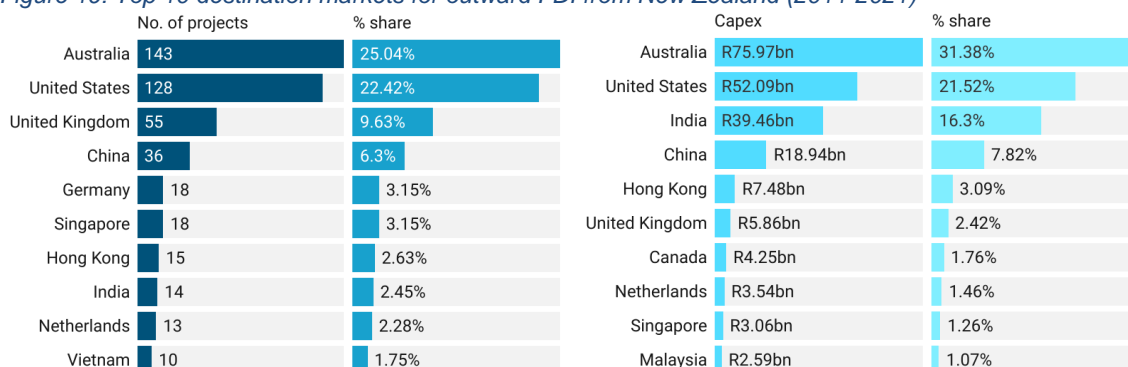
Figure 18: Outward FDI from New Zealand: by world regions (2011-2021)



Source: FDI Intelligence (2022)

In terms of capex, outward FDI from New Zealand was the largest in Australia (ZAR75.97 billion), followed by the United States (ZAR52.09 billion) and India (ZAR39.46 billion) during the period under review. Likewise, the top 3 countries that received the highest number of FDI projects from New Zealand were Australia (25.04%), the United States (22.42%) and the United Kingdom (9.63%).

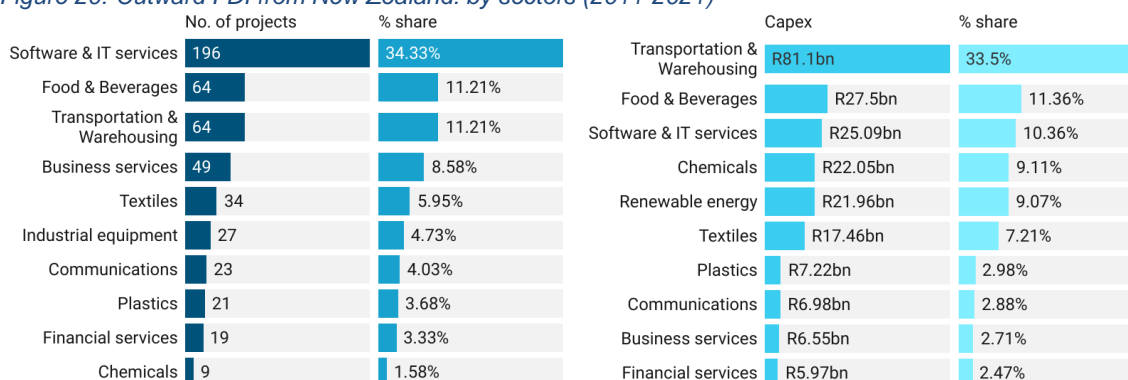
Figure 19: Top 10 destination markets for outward FDI from New Zealand (2011-2021)



Source: FDI Intelligence (2022)

About 33.5% of capex that emanated from New Zealand to the rest of the world, between January 2011 and December 2021, were recorded in the transportation and warehousing industry, followed by food and beverages (11.36%) and software and IT services (10.36%). In terms of the number of outward FDI project, software and IT services (34.33%), food and beverages (11.21%) and transportation and warehousing (11.21%) were the top three industries.

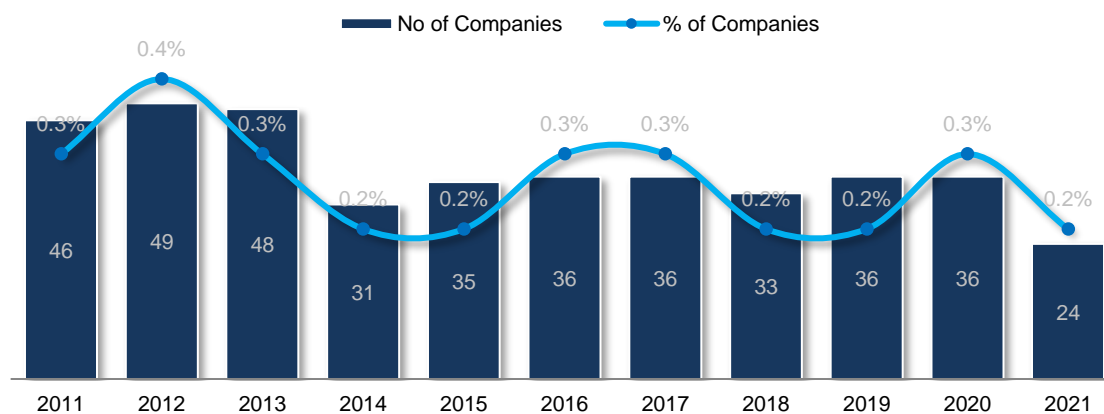
Figure 20: Outward FDI from New Zealand: by sectors (2011-2021)



Source: FDI Intelligence (2022)

Between 2011 and 2021, 287 out of the 79 852 companies investing in FDI globally were companies from New Zealand. As shown in Figure 21, 0.2% of companies investing in global FDI in 2021 were from New Zealand.

Figure 21: Number of companies investing in New Zealand and percentage of all companies (2011-2021)



Source: FDI Intelligence (2022)

Between 2011 and 2021, the top 10 companies for outward FDI from New Zealand accounted for 26.6% of total projects. Mainfreight was the top investor within the past 12 months. With a total of 40 FDI projects, Mainfreight topped the list of the leading 10 companies from New Zealand with investment in the rest of the world during the period under review. Fonterra (24 projects), Xero Limited (18 projects), Crimson Education (12 projects) completed the list of the top 4 New Zealand companies with the highest number of FDI projects across the globe between 2011 and 2021.

Table 7: Top 10 companies: number of projects (2011-2021)

	Company name	Source country	No. of projects	Global projects	% of global projects	Projects in last 12 mths
1	Mainfreight	New Zealand	40	40	100	6
2	Fonterra	New Zealand	24	40	60	0
3	Xero Limited (Xero Live)	New Zealand	18	19	95	0
4	Crimson Education	New Zealand	12	12	100	0
5	BVT Engineering Professional Services	New Zealand	11	11	100	0
6	Kathmandu	New Zealand	11	13	85	0
7	Pactiv Corporation	United States	10	12	83	0
8	Zespri International	New Zealand	10	11	91	1
9	Icebreaker Pure New Zealand Merino	New Zealand	8	10	80	0
10	Nuplex	New Zealand	8	8	100	0

Source: FDI Intelligence (2022)

3.3 FDI flows between the Western Cape and New Zealand

This sub-section focuses on FDI flows between the Western Cape and New Zealand from 2003 to 2021. During this period, four FDI project was recorded from South Africa to New Zealand, three of which originated from the Western Cape. The three projects from the Western Cape (two in consumer products and one in space and defence), generated a capex of ZAR444.51 million and created 292 jobs.

Table 8: FDI from the Western Cape to New Zealand (2003-2021)

Month	Projects	Capex (R m)	Jobs created	Sector	Investing company
Apr 2021	1	77.68	80	Space & defence	NewSpace Systems
Feb 2018	1	143.85	100	Consumer products	David Jones
Jun 2015	1	222.97	112	Consumer products	David Jones
Total	3	444.51	292		

Source: FDI Intelligence (2022)

During the same period, New Zealand only invested in one FDI project in South Africa, which was recorded in the Western Cape. This investment, which was by Southern Spar, created 348 jobs as shown in Table 9.

Table 9: FDI from New Zealand to the Western Cape (2003-2021)

Month	No. of projects	Capex (R m)	Jobs created	Industry Sector	Investing company
Mar 2006	1	871.75	348	Non-automotive transport OEM	Southern Spar
Total	1	871.75	348		

Source: FDI Intelligence (2022)

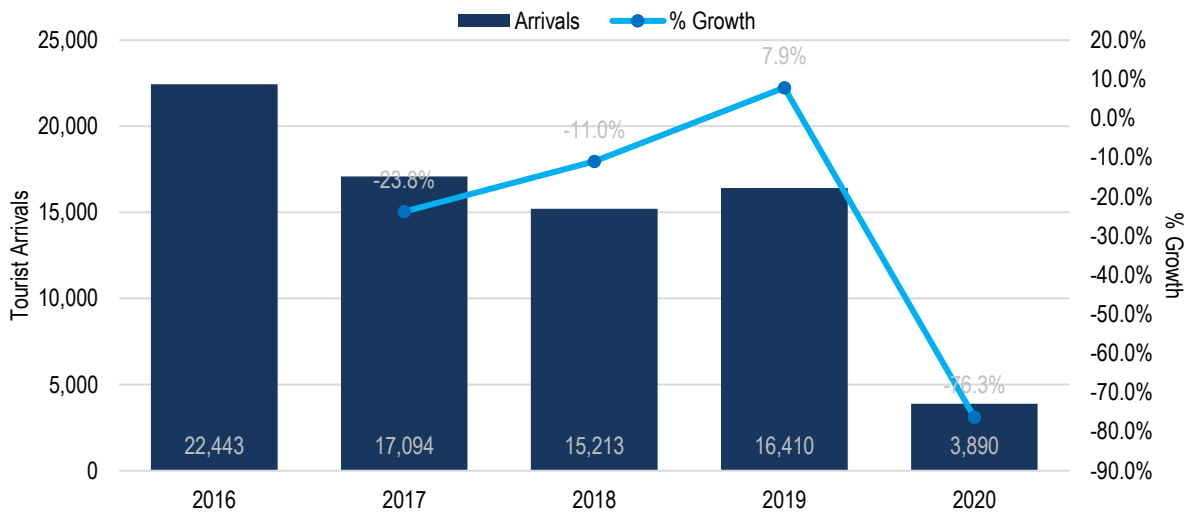
4. Tourism market overview: New Zealand

As with the rest of the world, the Covid-19 pandemic has caused major declines in both inbound arrivals and outbound departures for New Zealand. Pre-pandemic, tourism has been a driver for the South African economy over the last decade with consistent growth in tourism arrivals. Tourist arrivals from New Zealand saw year-on-year growth of 7.9% in 2019 after a slump in the two years prior, and the country contributed ZAR279 million in Total Foreign Direct Spend.

4.1 New Zealand tourist arrivals to South Africa

Tourist arrivals from New Zealand reached a total of 3 890 in 2020, a decline of -76.3% when compared to the 16,410 welcomed in 2019. In 2020, New Zealand tourists came to South Africa mainly for the purpose of visiting friends and relatives (57.7%), holiday (26.5%) and for meetings, incentives, conferences and events (7.3%).

Figure 22: New Zealand arrivals into South Africa (2016-2020)

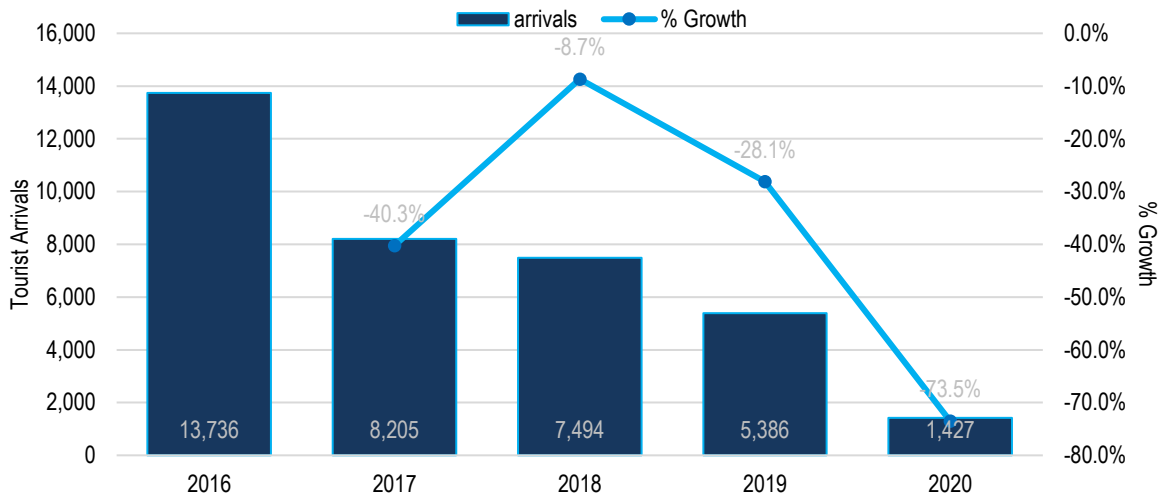


Source: South African Tourism (2022)

4.2 New Zealand tourist arrivals to the Western Cape

New Zealand tourist arrivals into the Western Cape saw a sharp decline of -40.3% in 2017, with arrivals at 8 205, as compared to 13 736 recorded in 2016. This trend continued in years that followed, with New Zealand tourist arrivals to the province totalling 1,427 in 2020. Of all the nine provinces, the Western Cape consistently recorded the largest share of New Zealand tourists between 2017 and 2019.

Figure 23: New Zealand Arrivals in the Western Cape (2016-2020)



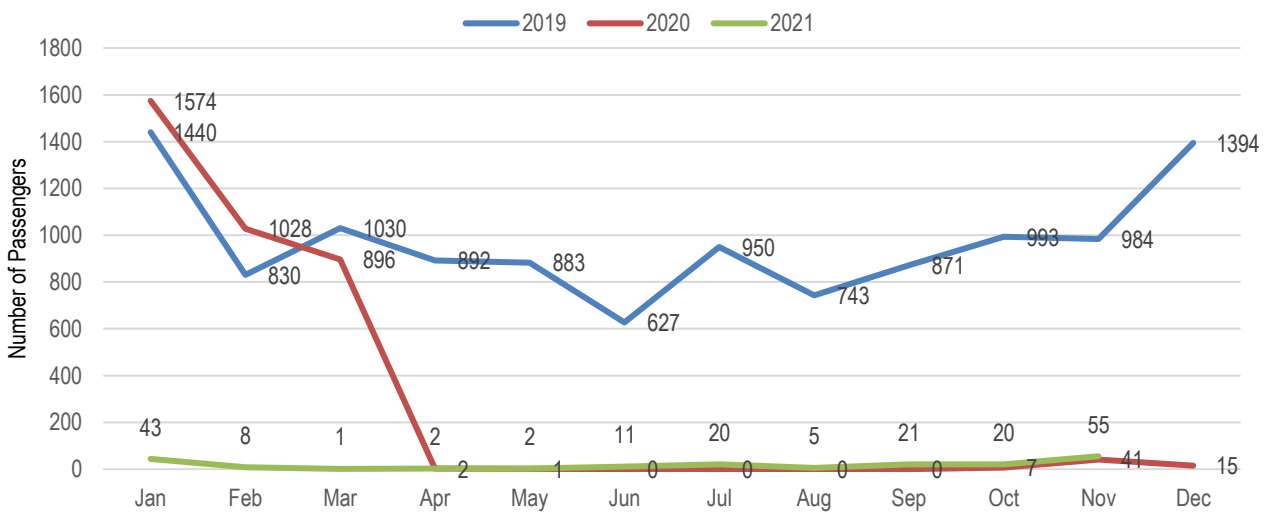
Source:

South African Tourism (2022)

4.3 New Zealand passenger movement through Cape Town International Airport

According to OAG Traffic Analyzer data, New Zealand passenger movement through Cape Town International Airport plummeted in April 2020, after the nationwide lockdown commenced on 26 March 2020. Passenger movement was almost non-existent between April and September 2020. Passenger movement picked up with the re-opening of air travel in October 2020 but remain at less than 10% of 2019 levels at its peak in November 2021 (55 passengers).

Figure 24: New Zealand passenger movement through Cape Town International Airport (Jan 2019-Nov 2021)



Source: OAG Traffic Analyzer (2022)

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