

2 International Trade



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According to Statistics New Zealand, this country's exports of goods and services for the year ended June 2016 were valued at \$70.9 billion. Goods exports were worth \$49.3 billion, up \$0.9 billion from 2015. Much of the increase was due to a rise in the value of fruit.

New Zealand's two-way trade of goods and services (exports plus imports) for the year ended June 2016 was valued at \$138 billion, up \$5.4 billion from 2015.

New Zealand provided \$21.5 billion of services to overseas customers in the year ended June 2016, up \$2.4 billion from June 2015. The increase was mainly driven by more spending by overseas visitors to New Zealand.

Imports of goods and services for the year ended June 2016 were \$67.2 billion. Goods imports were valued at \$50.1 billion, up \$1.3 billion from 2015 led by an increase in electrical machinery and equipment. New Zealand purchased \$17.2 billion of services during the year ended June 2016, up \$805 million from 2015.

Australia was our main goods and services export destination for the year ended June 2016, with a combined goods and services export total of \$13.0 billion. But China was catching up fast, with a total of \$12.1 billion.

New Zealand is recognised internationally as a country that is innovative, creative and demonstrates ingenuity in the development of high quality products, increasingly in demand, especially in the new emerging consumer markets of Asia.

More importantly, there is a growing awareness among New Zealand businesses of exporting's potential to generate new sources of revenue.

Essential to growing a business through exporting is the need to do some homework before taking the plunge – put simply: "I have the idea to get into exporting, I need a strategy and I want the outcome to be growth – of my business, of markets, of turnover and revenue. So how do I get started?"

But first questions first! Why?

Why export?

Deciding to take advantage of the opportunities available in the international market place for your business may be for some of the following reasons:

- **Growth:** The New Zealand market is small on all accounts. For your business to develop strongly and grow faster, it must look to the world marketplace.
- **Profitability:** Some markets may offer you a better pricing structure than the New Zealand market.
- **Economies of scale:** Larger production runs allow you to spread the fixed costs of your plant, equipment and factory costs over the larger runs; giving you a reduced per unit cost.
- **Seasonal fluctuations:** The seasonal fluctuations your business may experience in New Zealand can be reduced by exporting (especially to northern hemisphere markets) resulting in a more even cashflow and stable workforce.
- **Price competitiveness:** Your business can achieve, through larger production runs on an ongoing basis, a price advantage on the domestic market, resulting in gaining a greater share of the domestic market.
- **Reduce input costs:** Exports will permit the





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