

NZ-US Trade Flows

March Quarter 2021 Report (June 2021)

About this report

This report is a quarterly product produced by the NZUS Council and covers both goods and services trade. The report draws from our quarterly NZUS Council Trade Dashboard.

While figures for our goods trade are available on a monthly basis, services trade figures are only provided quarterly. This report therefore provides the most up-to-date picture of our services trade. For goods trade see our monthly dashboard.

The NZUS Council's trade dashboards are fully interactive tools and available for free on our website. While in this report we focus on the New Zealand-United States trade flows dashboard users can explore any of New Zealand's trade relationships.

- Monthly goods only dashboard available here: www.nzuscouncil.org/monthly-trade-update/
- Quarterly goods and services dashboard available here: www.nzuscouncil.org/quarterly-trade-update



Headline figures on NZ-US trade flows for the quarter ending March 2021. Important to take a closer look behind the headlines to understand the impacts of COVID-19 on NZ-US two-way trade and the longer-term trends that started before the pandemic hit.



Trade between New Zealand and the United States of America

Year ending March

Category Level

1

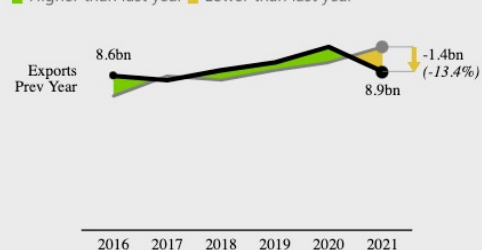
Good or Services?

- ☒ Goods
☒ Services

[Click here for detail page](#)

Exports to USA vs Previous Year

Higher than last year Lower than last year



Trade balance with USA

Exports exceed Imports Imports exceed Exports



Rank (two way trade)

3

Exports

8.9bn

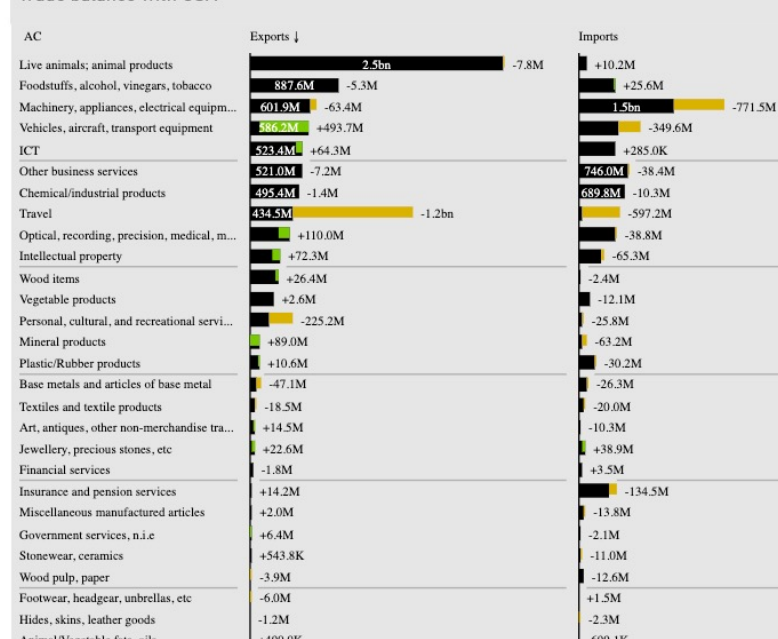
Imports

7.3bn

Trade balance

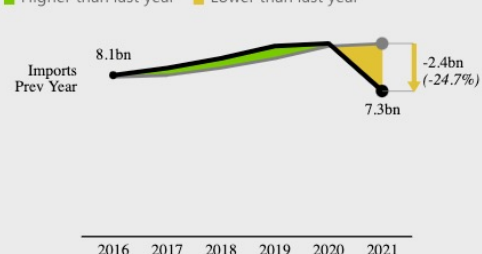
1,595M

Trade balance with USA



Imports to USA vs Previous Year

Higher than last year Lower than last year

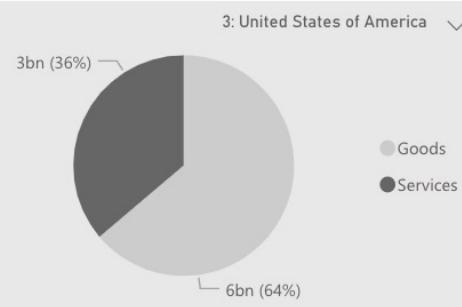
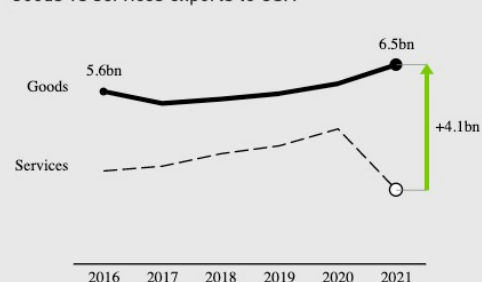


Major export changes since 2020

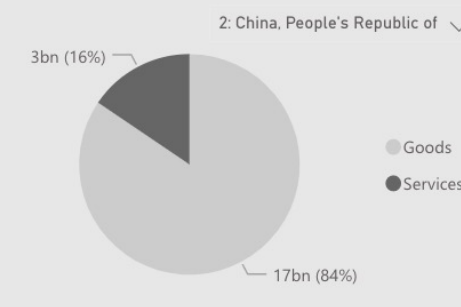
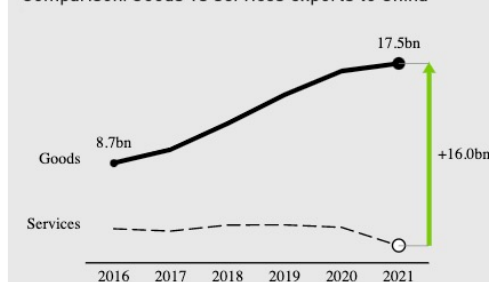
Change is larger than \$20,000,000 and 20%



Goods vs services exports to USA



Comparison: Goods vs services exports to China



Comment on the data

The NZUS Council Trade Dashboard headline figures on NZ-US trade flows for the quarter ending March 2021 present a dismal picture. But a closer look behind the headlines is important to understand the impacts of COVID-19 on NZ-US two-way trade and to understand longer term trends that started before the pandemic hit. The key takeaways are:

- Services exports are down, led by an obvious and massive fall in tourism.
- But trade in commercial services, the fruits of New Zealand's growing weightless economy, has held up and continues to grow.
- Meanwhile goods trade is being hit by shipping and supply chain disruptions with month-to-month volatility but demand in two-way goods trade is strong.

Overall New Zealand's goods and services exports declined 13.4% over the period. Imports from the US were down 24%. There were massive drops in travel and tourism (-79%), and large declines across many of our major export categories.

Take a deeper dive into the data and there are two stories in goods and services.

Goods

The NZUS Council monthly trade dashboard provides a more up to date picture of two-way goods trade. Month to month (and to a lesser extent quarterly) there is high volatility that is expected to continue through 2021. Global (and US) demand for many of our largest goods exports remains rock solid and we will continue to see higher global prices and exporters responding to this and shifting between markets. A major contributor to volatility is the pandemic's impact on global supply chain issues with shipping delays, difficulties sourcing containers and slow US and New Zealand port clearances.

The US continues to be a key market in the planning of our exporters. For wine and beef exporters the US is likely to remain their largest market over the coming 12 months. With nearly 70% of adult Americans now vaccinated the US economy is reopening its restaurants. This means the return of the important US food service market which is crucial for many New Zealand food exporters. This will be a major boost and it will supplement the hard work exporters have done developing new channels to market, particularly the business to consumer sales over the internet.



Services

The NZUS Council Trade Dashboard's quarterly data analysis dramatically shows the impact of closed borders. Travel and tourism is down over \$1B compared to last year which is a 79% decline. This reversed the five-year trend which has seen a progressive increase in the proportion of services versus goods exports to the US. The interesting sub-plot is the continuing growth of technology and intellectual property exports to the US. Computer software (+22.8%), computer software licences (+6.6%), R&D (+2.3%), architectural, scientific and engineering services (+194%) all continued to grow. These are some of New Zealand's fastest growing exports over the last five years.

Outlook

The NZUS Council supports the Prime Minister's commitment and advocacy for an enhanced trade relationship with the US and supports her call for increasing export market diversification. The US market is a significant opportunity to achieve diversification and for New Zealand's highest value services and goods exporters it has grown consistently, and that growth will continue over the long term.

The latest data shows that trade and tourism have a long way to go to reach pre-pandemic levels, but vaccination and opening borders will help to build back, starting some time in 2022. Americans are vaccinated and they are looking to travel.

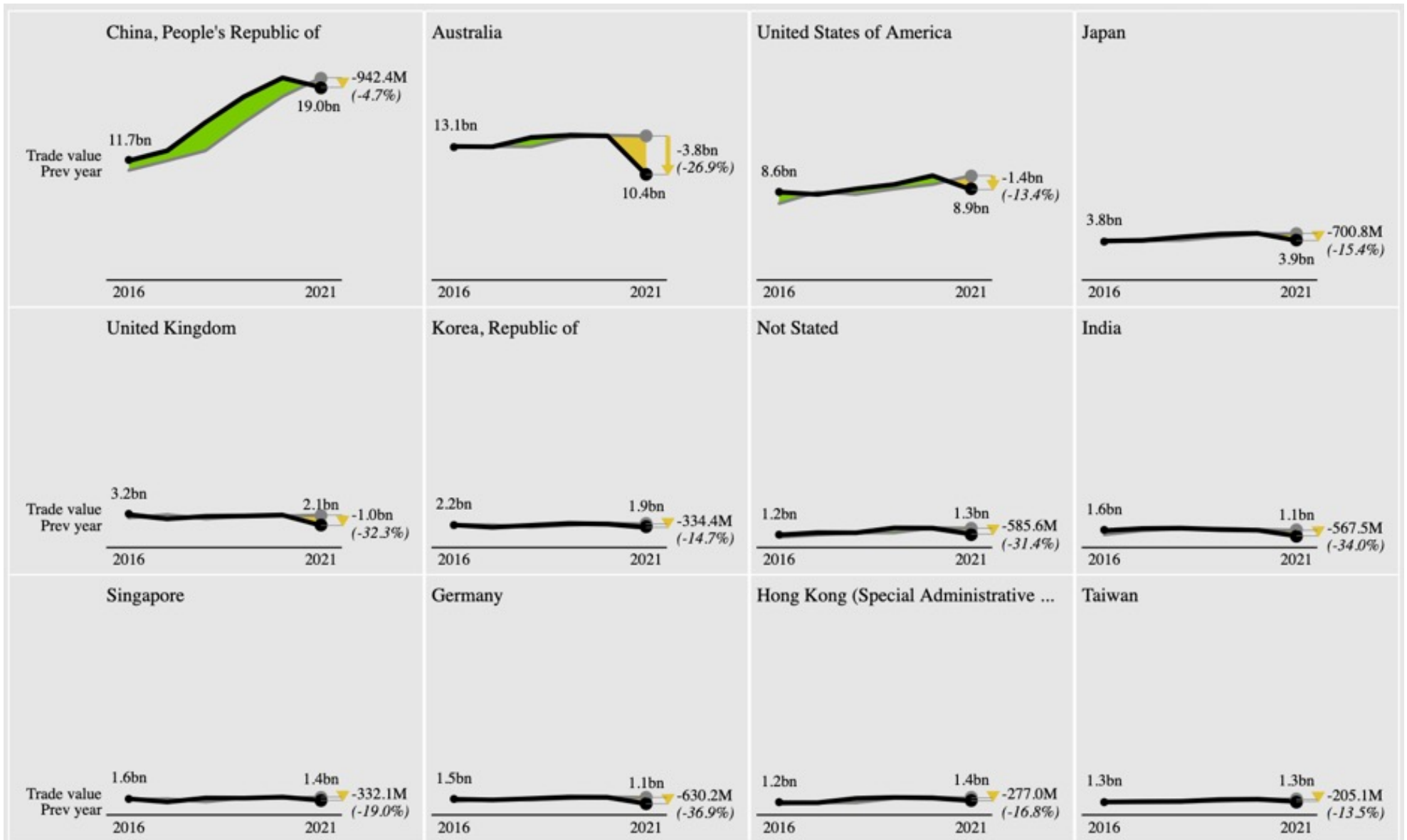
The shipping and supply chain disruptions are a serious short-to-medium term worry for goods exporters and the unreliability these problems cause can affect customer relationships. That is a global problem, not just a US-NZ trade problem. Exporters are going to need to work hard on keeping these relationships in the short term. Perhaps the New Zealand Government needs to increase its support for New Zealand exporters and business travellers via a more reliable and bookable managed isolation system to allow these customer relationships to be maintained over the short-term.

On the upside our goods and our commercial services trade relationship has shown its resilience and will help New Zealand's recovery from the pandemic.

Jordan Small
Executive Director
NZUS Council

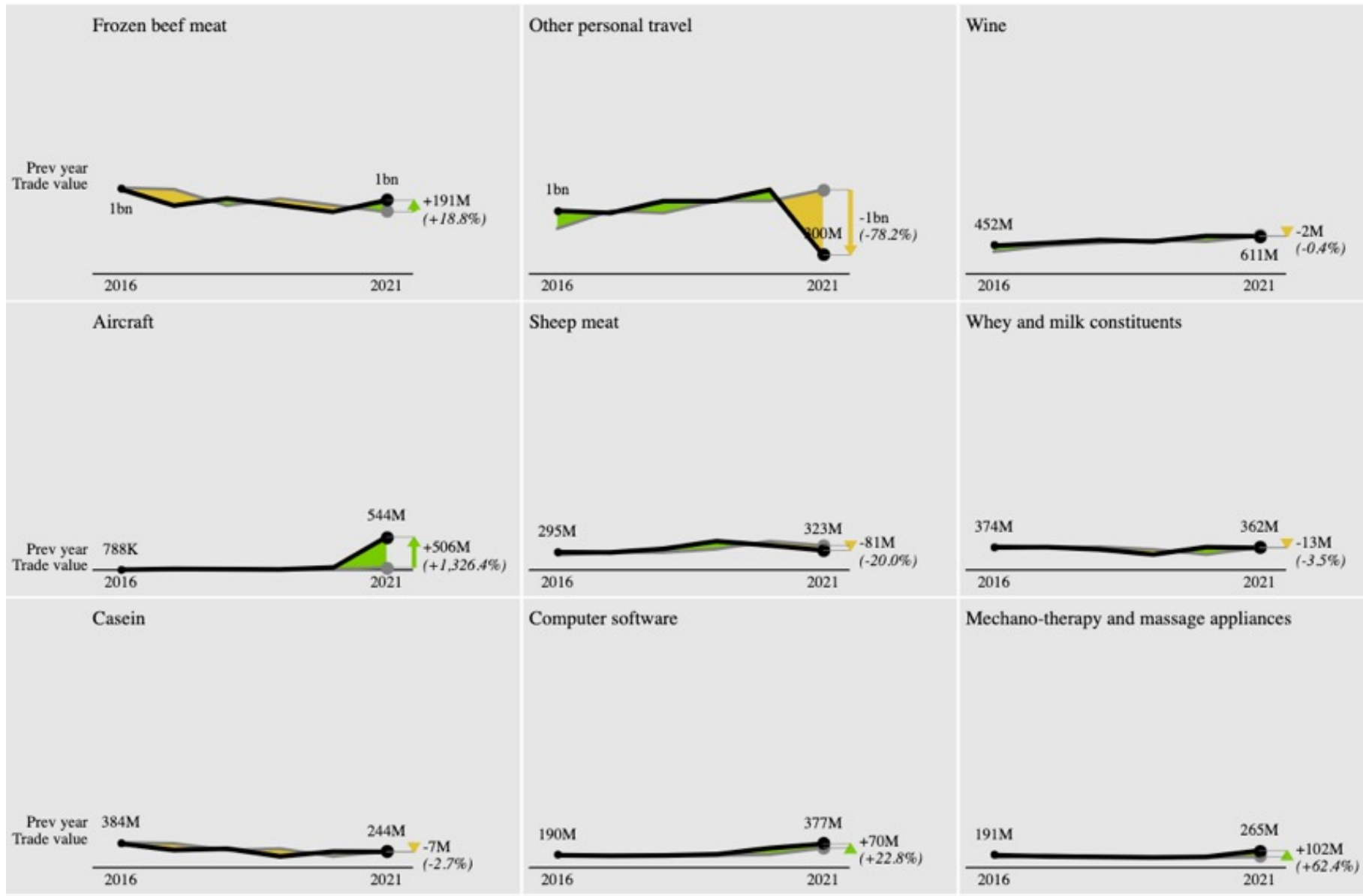


NZ's goods and services exports across most major markets show sizeable declines over the year to March 2021. Exports to the US were down 13.4%.



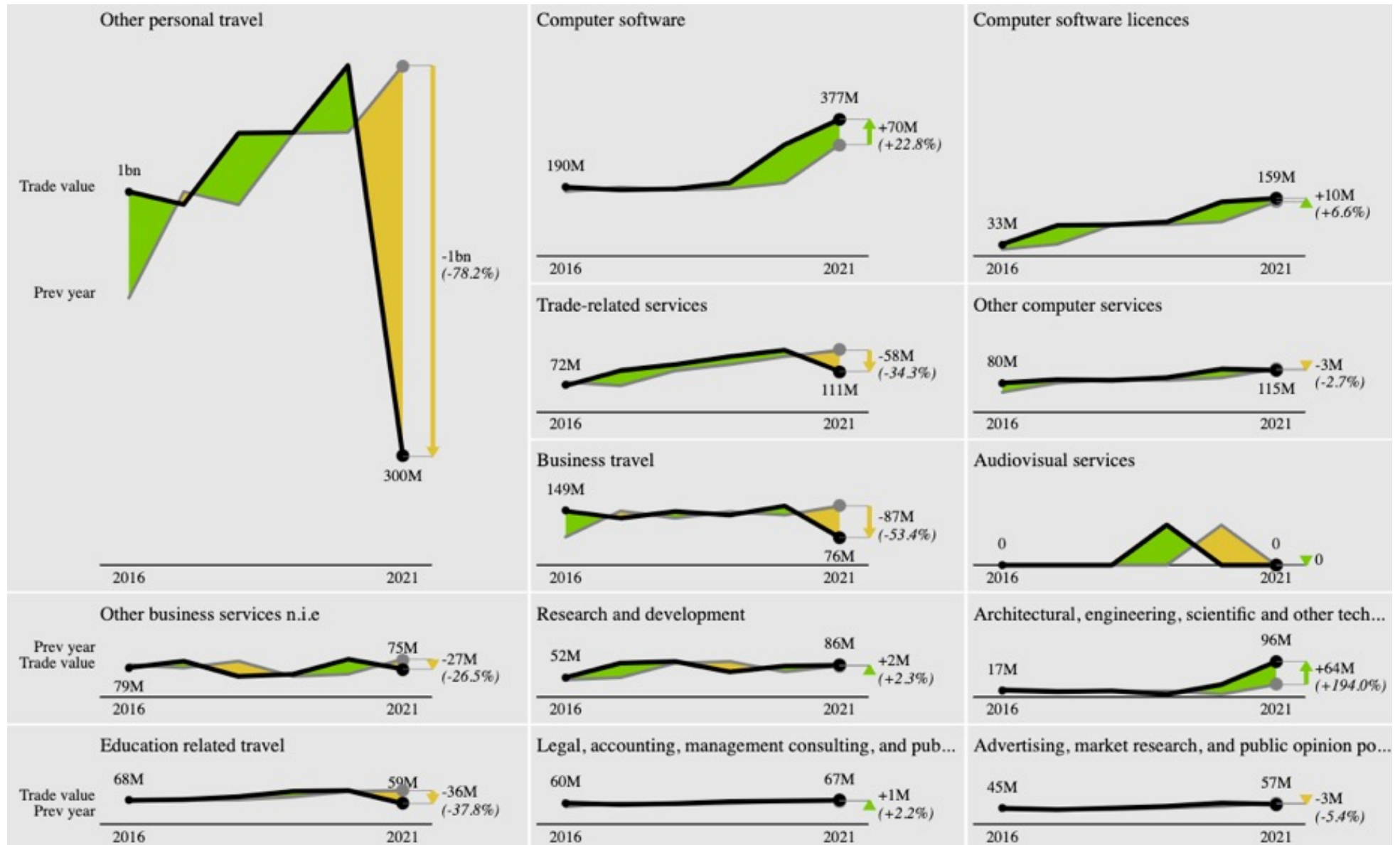


Across our largest exports to the US the picture is mixed with exports of frozen beef (+18.8%), computer software (+22.8%) and mechano-therapy appliances (62.4%) growing. Wine, sheep and dairy exports to the US all declined over the year ending March 2021.



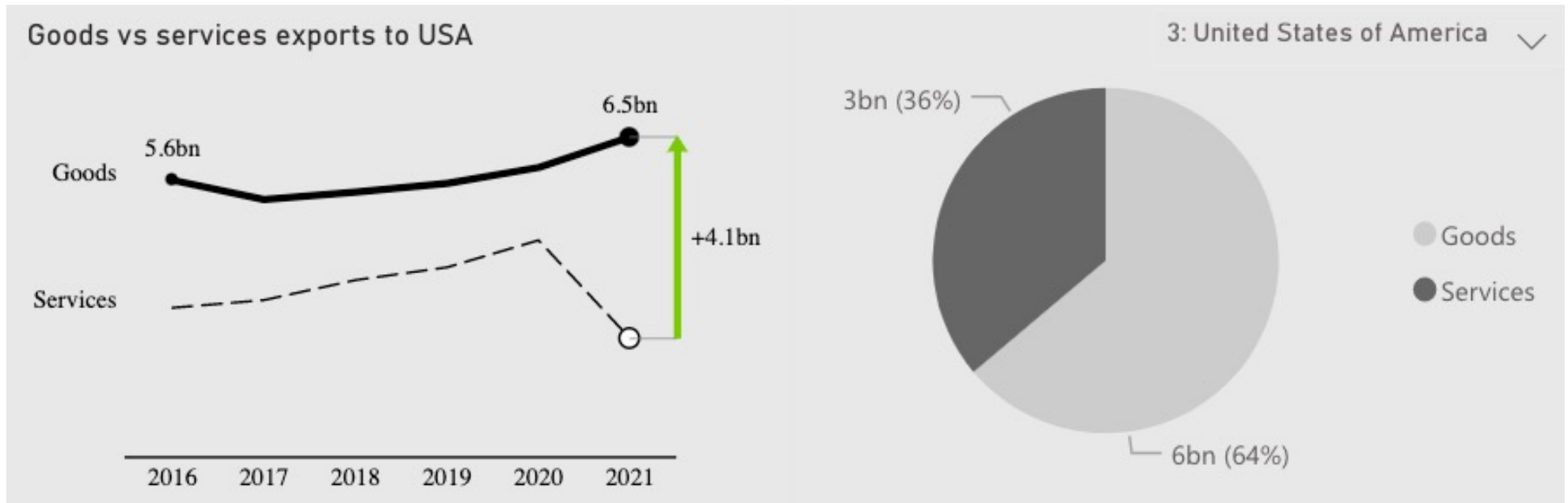


A focus area is our services exports to the US. While there have been declines in travel related exports reassuringly there has been steady increases in exports of computer software (22.8%), software licences (6.6%), R&D (2.3%) and architectural and engineering services (194%).

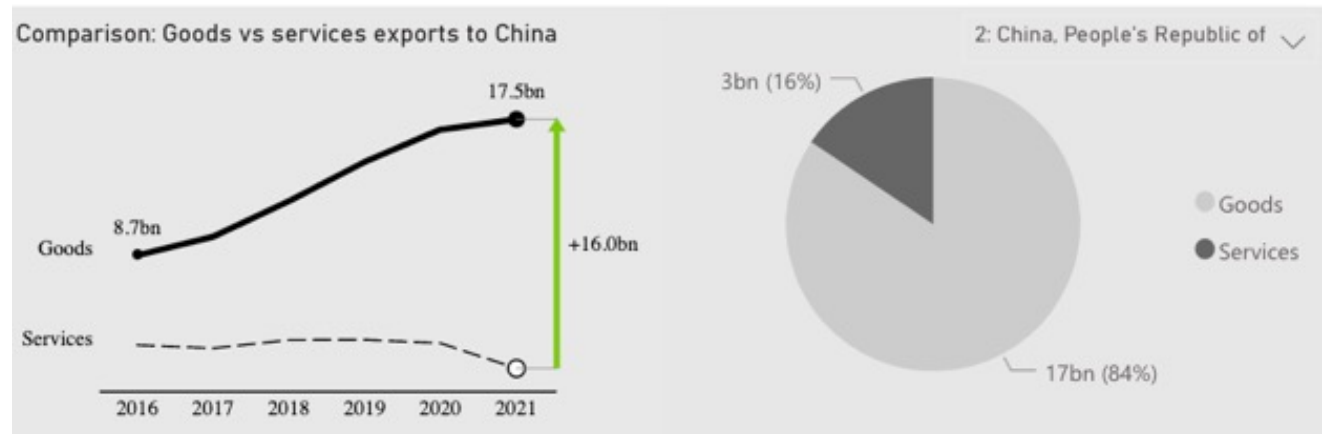




We also track the mix of New Zealand's goods and services exports to the US and comparisons with other markets. Pre-covid we saw progressive year-to-year growth in services exports to the US. The massive drop off is attributable largely to closed borders and the impact on tourism.

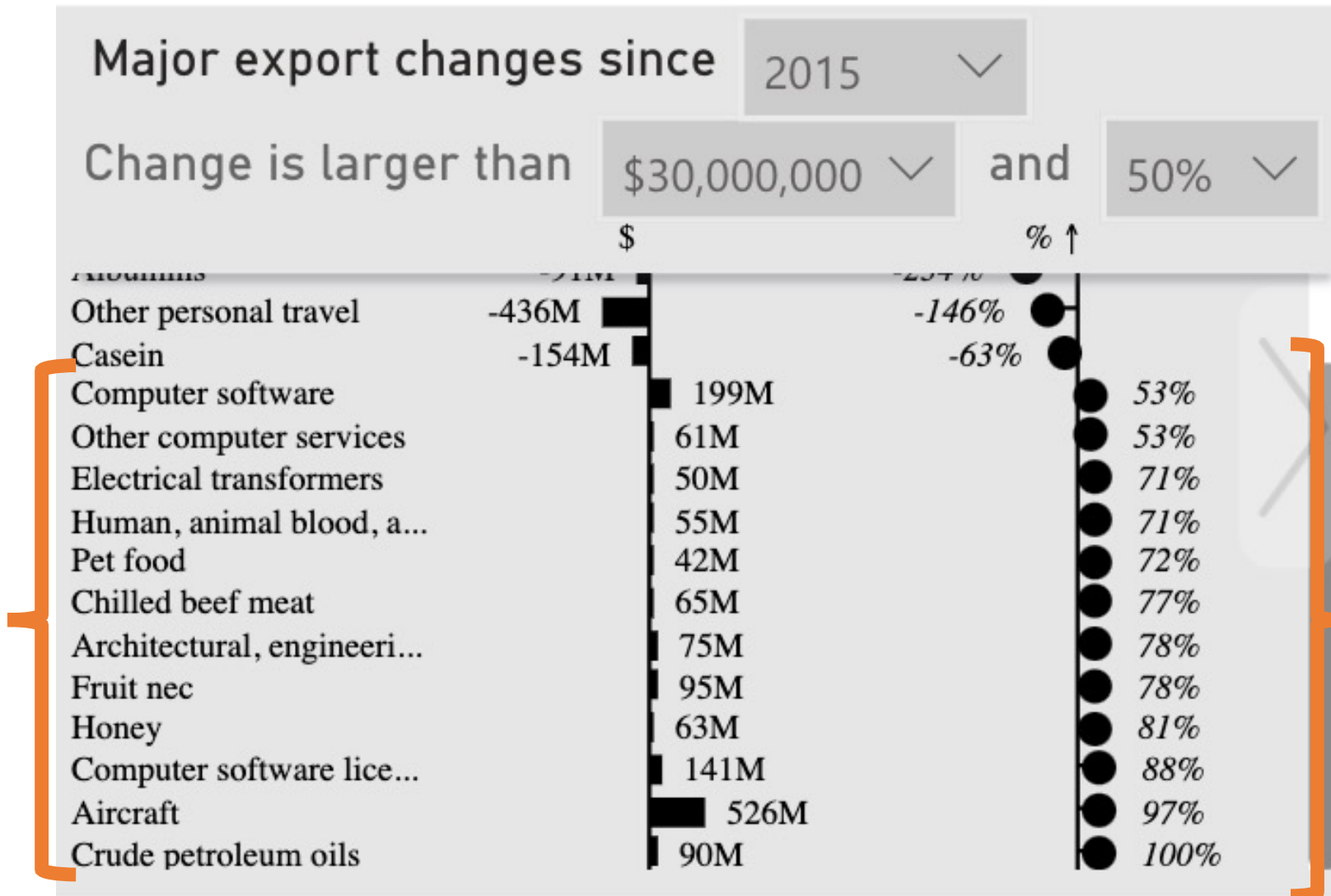


Here is the comparison with China where our services exports make up 16% of total exports to China.



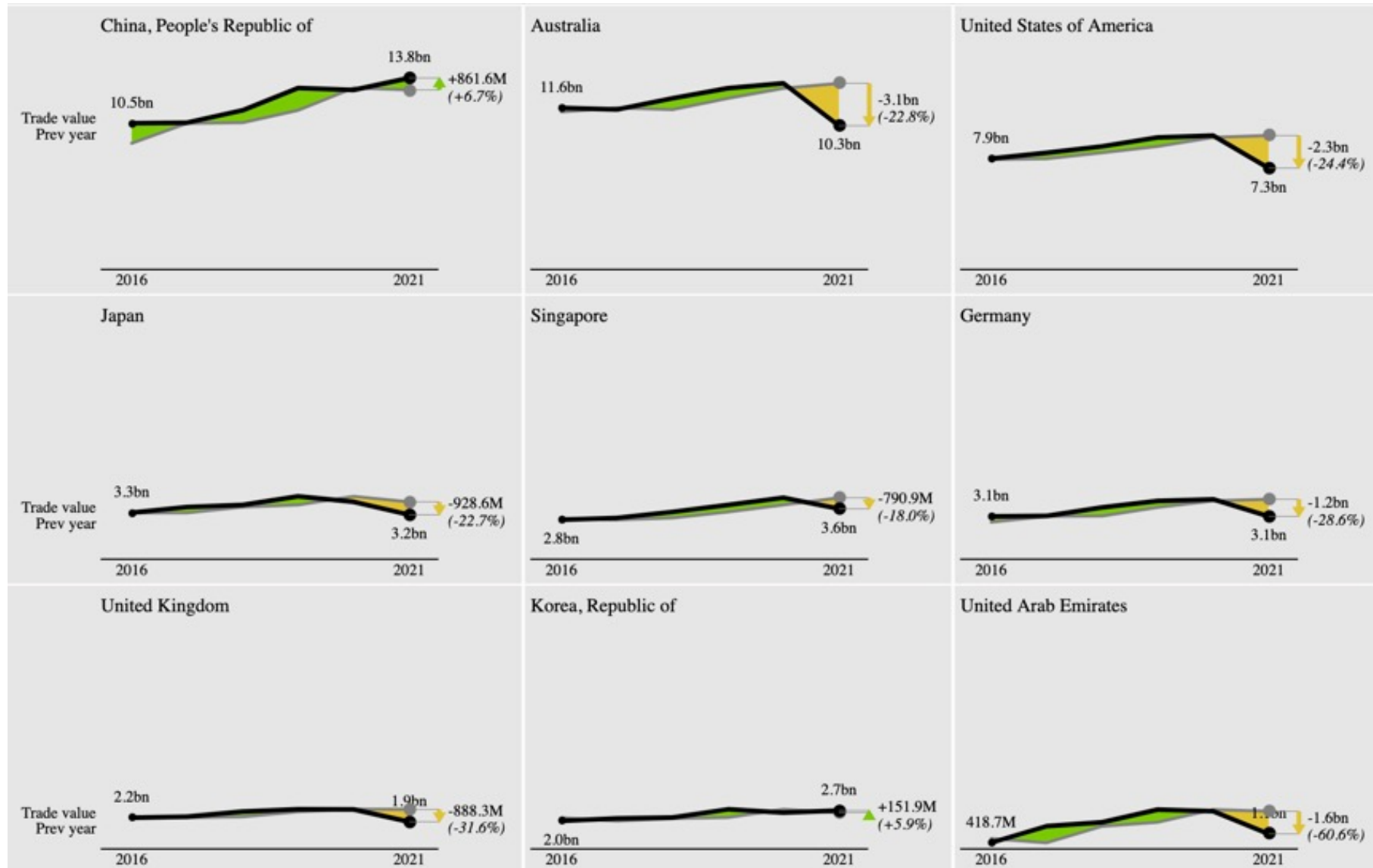


Another area we monitor closely is our fastest growing exports to the US since 2015. Here you see sizeable growth (50% + since 2015) across a range of our more traditional exports, tech exports, and services.



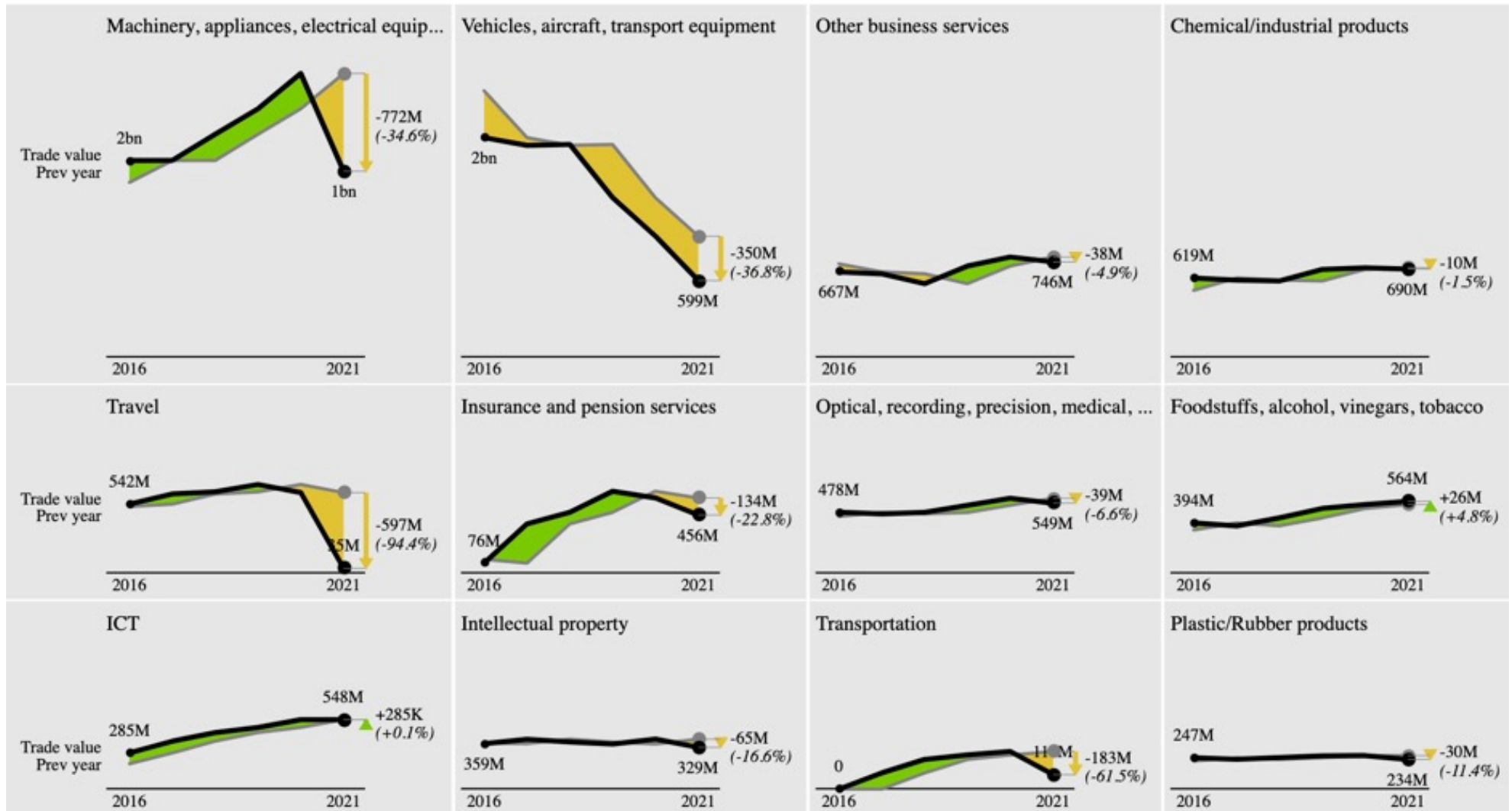


Imports from most of our main markets, except Korea and China, were down over the year ending March 2021. Imports from the U.S. declined \$2.3B or 24.4%.





Imports from the US have been down across most major categories with large declines in capital equipment (-34.6%), vehicles (-36.8%) and travel (-94.4%).





For further information on the latest data or the NZUS Council check out: www.nzuscouncil.org



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Trade

Quarterly Trade Update – Goods And Services

Here's our quarterly goods and services trade dashboard. Figures up to March 2021. The dashboard is interactive and provides a...

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