

# TRADE IN VALUE ADDED: NEW ZEALAND

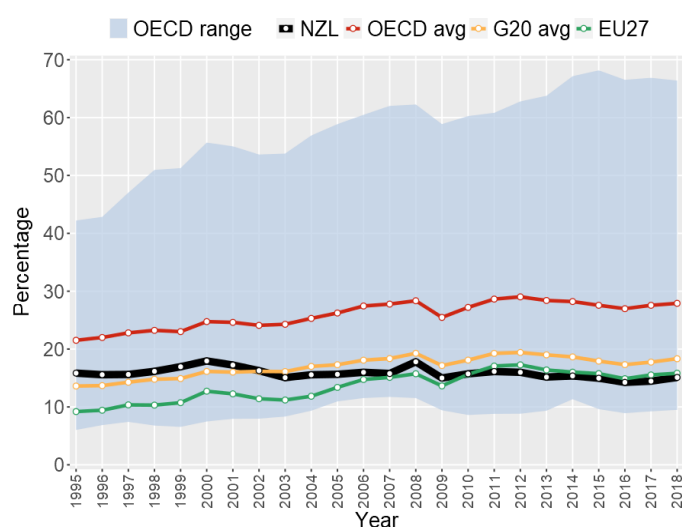
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Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for New Zealand, with a view to informing policy making for a range of areas including trade, innovation and investment.

## Key findings

- ▶ The foreign content of New Zealand’s exports remained relatively stable after the 2008-2009 Financial Crisis, between 14% and 16%. This is well below the OECD average of 27.9% (Figure 1) but partly reflects geography and a relatively high specialisation in products with typically high domestic value-added content, including agriculture and food products.
- ▶ The sectors with the largest share of foreign value added in their exports in 2018 were *Coke and refined petroleum products* (61.2%), *Chemicals and pharmaceuticals* (33.5%) and *Other transport equipment* (28.9%) (Figure 3a). *Food and beverages* generated the greatest source of domestic value-added content of exports in 2018, accounting for 27% of New Zealand’s gross exports (Figure 3b).
- ▶ The main destinations for New Zealand’s exports in 2018 were China, Australia and the United States, both in gross and value-added terms (Figure 5). Australia accounts for 52.5% of New Zealand’s domestic value added embodied in New Zealand’s manufactured imports, highlighting some GVC integration between the two economies (Figure 6).
- ▶ Services accounted for 57% of New Zealand’s gross exports in 2018 – above the OECD average of 55.7%. In addition to direct exports of services, New Zealand also exported services indirectly through intermediate inputs embodied in goods. Services value-added content accounted for 37.8% of gross exports of *Food and beverages* in 2018 (Figure 7).

**Figure 1. Foreign value added content of gross exports**  
As a percent of total gross exports, 1995 to 2018



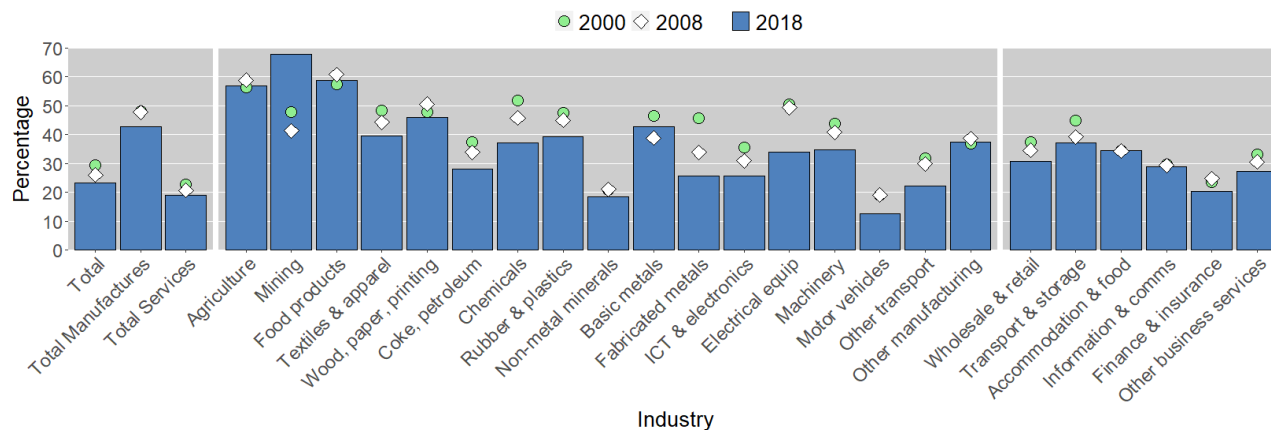
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of New Zealand’s exports is estimated to have decreased from 17.8% to 15.1% - significantly below the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 2.7 percentage points lower.

## The role of foreign final demand in domestic production

Overall, in 2018, 23.4% of New Zealand's domestic value added was driven by foreign final demand, down from 26% in 2008. By industry, the shares ranged from *Mining and quarrying* (67.9%) and *Food and beverages* (58.8%) at the higher end to *Motor vehicles* (12.5%) at the lower end.

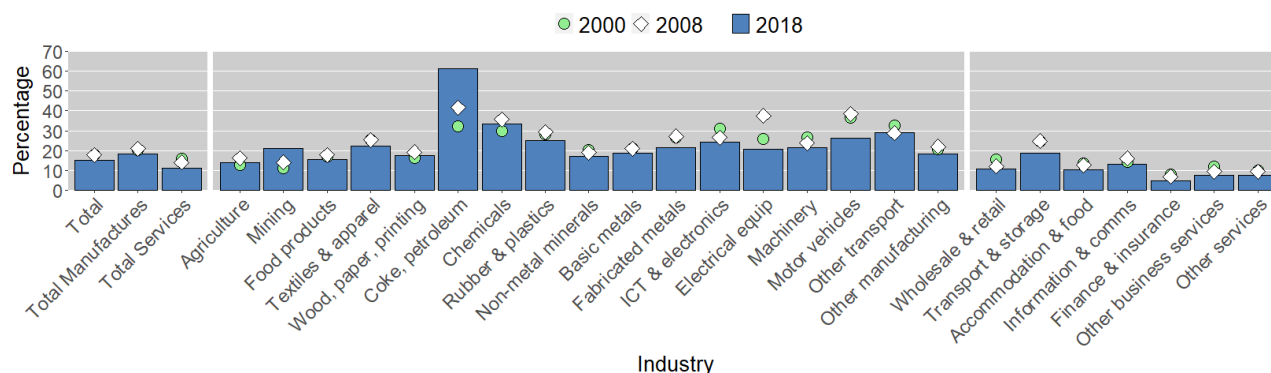
**Figure 2. New Zealand - domestic value added in foreign final demand**  
As a percent of value added, by industry, 2000, 2008 and 2018



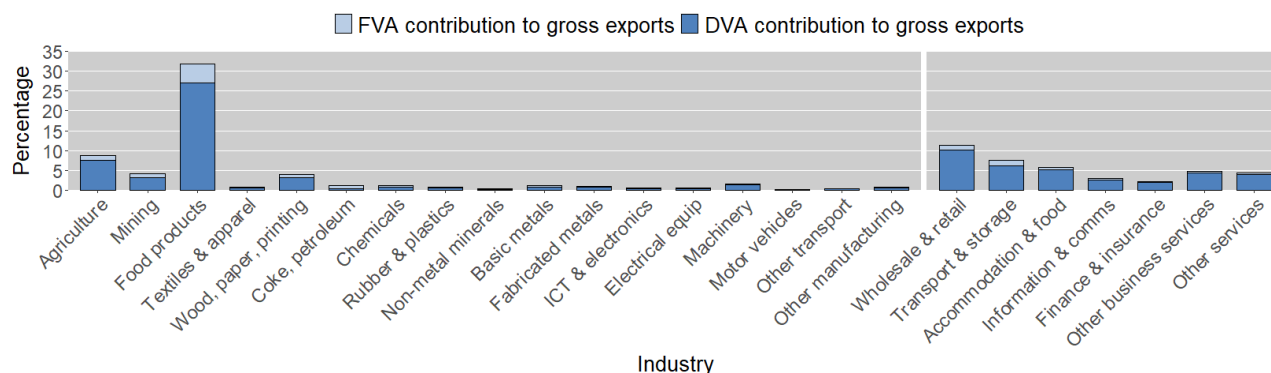
## The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *Coke and refined petroleum products* (61.2%), *Chemicals and pharmaceuticals* (33.5%) and *Other transport equipment* (28.9%). *Food and beverages* generated the greatest source of domestic value-added content of exports in 2018, accounting for 27% of gross exports (Figure 3b), followed by *Wholesale and retail trade* (10.1%) and *Agriculture, forestry and fishing* (7.5%). The most foreign content in total exports came from *Food and beverages* (4.9%).

**Figure 3a. New Zealand - foreign value-added content of gross exports**  
As a percent of gross exports, by industry, 2000, 2008 and 2018

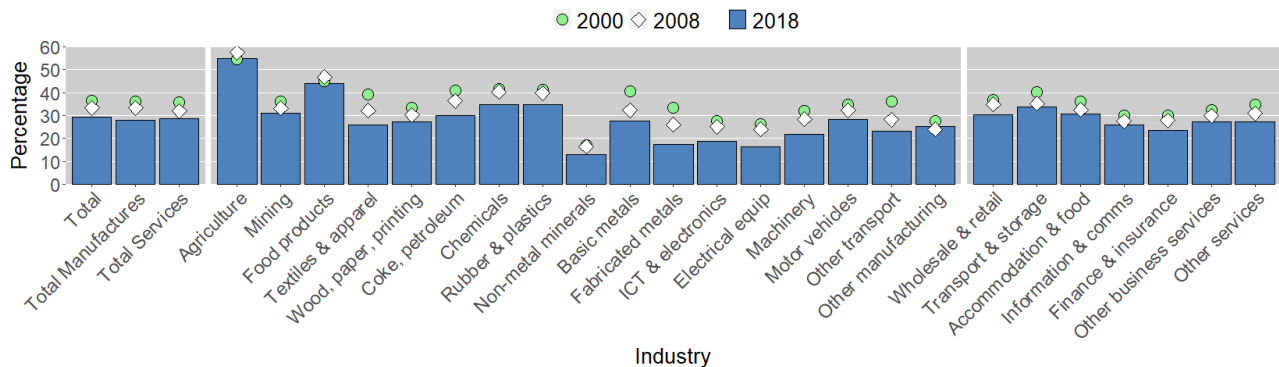


**Figure 3b. New Zealand - industry share of domestic and foreign value-added content of gross exports**  
As a percent of total gross exports, 2018



Of the total value of New Zealand's imports of intermediate goods and services in 2018, 29.3% was subsequently embodied in exports, significantly below the OECD average of 47.9%, and below the share in 2008 (33.3%). The originating industries with the highest shares of intermediate imports used in New Zealand's exports were Agriculture, forestry and fishing (55%), Food and beverages (44.1%) and Rubber and plastics products (34.6%).

**Figure 4. New Zealand - imported intermediate inputs used for exports, by industry-origin of imports**  
As a percent of intermediate imports, 2000, 2008 and 2018

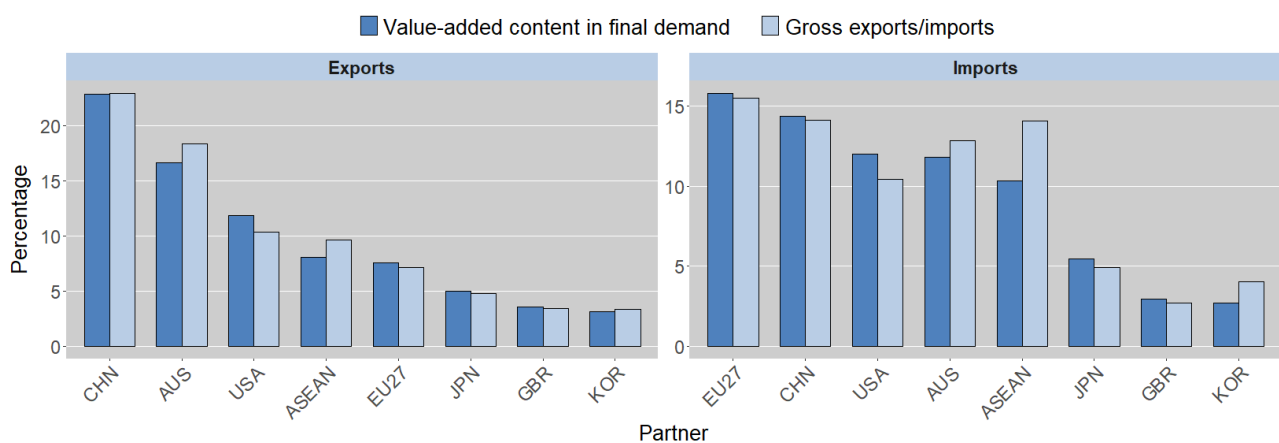


### New Zealand: international flows of goods and services, main players

In gross terms, China (23%), Australia (18.4%) and the United States (10.3%) were the three most important New Zealand export market destinations in 2018. The top three final destinations for New Zealand's value added were China (22.9%), Australia (16.6%) and the United States (11.8%).

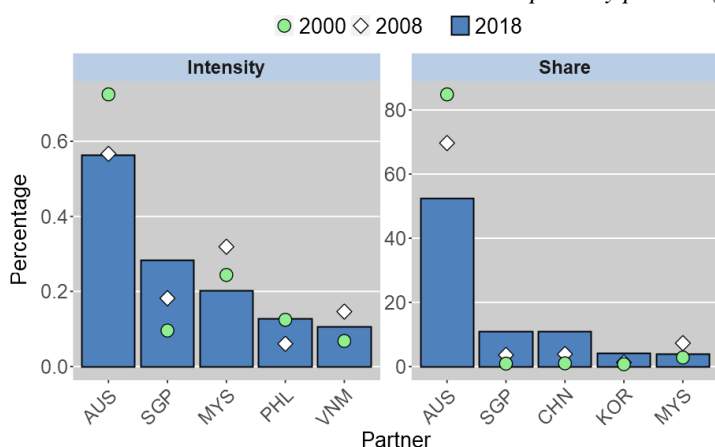
For imports in gross terms, New Zealand's top three partners in 2018 were the European Union (15.5%), China (14.1%) and Southeast Asia<sup>1</sup> (14.1%), while in value-added terms, the top three were the European Union (15.8%), China (14.3%) and the United States (12%).

**Figure 5 New Zealand - exports and imports: main partners**  
As a percent of total gross and value-added exports and imports, 2018



<sup>1</sup> Southeast Asia refers to the ASEAN group of countries.

**Figure 6. New Zealand's domestic value-added content of manufactured imports, top 5 partners**  
*As a share of total New Zealand's value added embodied in New Zealand's imports (right) and as a percent of total imports by partner (left)*



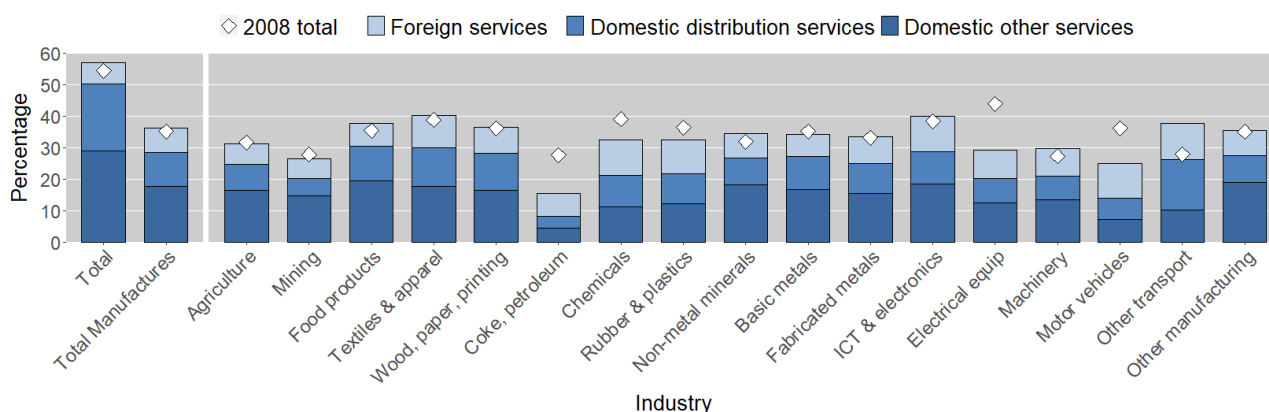
In 2018, the highest shares of New Zealand's domestic value added embodied in New Zealand's manufactured imports (Figure 6, right) came from Australia (52.5%), Singapore (11%) and China (10.9%).

The trading partners with the highest shares of New Zealand's value added in their exports of manufactures to New Zealand (Figure 6, left) in 2018 were Australia (0.6%), Singapore (0.3%) and Malaysia (0.2%).

### The importance of services in international trade

Services are a major contributor to New Zealand's economy, accounting for 57% of New Zealand's gross exports in 2018 (Figure 7) - close to the OECD average of 55.7%. Foreign services contributed 6.8% to the value of total gross exports. For manufactures, services value-added content was 36.3% of gross exports, with the highest shares in *Textiles and apparel* (40.2%), *ICT and electronics* (40%) and *Food and beverages* (37.8%).

**Figure 7. New Zealand - services content of gross exports**  
*As a percent of gross exports by industry, 2018*



### Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: [www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf](http://www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf)
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

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