

Prepared by the New Zealand Embassy in Berlin Report

Exports suffering less than imports, meat exports stable but tourism services down

Our bilateral trade balance with Germany has traditionally been in Germany's favour, at least in goods trade. Germany's exports to New Zealand had over the past decade gone from strength to strength, whereas New Zealand's exports to Germany had remained relatively flat over recent years, with our tourism sector a shining exception.

Looking at the trade stats for the first half of this year, Covid-19 has caused a dent in the overall picture (sourced from Statistics NZ trade [dashboard](#)):

- In Q1, New Zealand's goods and services exports to Germany were still pretty much on par with the first quarter of the previous year (at NZD600 vs NZD620 million), but then in Q2 our exports were down from NZD430 million to NZD330 million (-23%), the lowest value in six years.
- Germany, for its part, has seen an even more dramatic drop in its export value to New Zealand. Q1 on its own saw German exports drop to NZD910 million from NZD1030 million in Q1 last year (but still higher than in 2018). Then, in Q2, German exports fell from NZD1110 million in 2019 to NZD690 million (-38%) this year, the lowest level since 2015.

With this, over the first six months of this year, our trade with Germany has suffered slightly more than our trade with France - where our export revenues have remained stable - and the UK - from where imports have dropped by "only" 15%, cf 20% in Germany. Germany still remains our largest trading partner and export market in the EU.

In both directions, it is the performance of specific sectors that can largely explain the overall decrease:

- With regards to New Zealand's exports to Germany, our #1 goods export earner - meat - performed reasonably well during the first six months of this year, with meat exports down only 8% in value terms compared with the first half of 2019, from NZD203 million to NZD186 million.
- By contrast, our #1 services export earner - travel - was down by 30%, from NZD471 million to NZD332 million. The key factors behind this development were the early return of most German tourists already in the country at the time of the lockdown, and the border closures preventing new tourists from arriving. A similar development has been observed in the education sector, where the number of German students still remaining in New Zealand is down to 325.
- Equally attributable to Covid-19 but with a positive effect on the statistics, our exports of medical equipment doubled, from NZD29 million to NZD60 million (these figures include some optical and measuring equipment).
- In Germany's case, the #1 goods export earner - cars - has suffered the most during the first half of this year, with vehicle exports 34% down in value terms, from NZD420 million to NZD276 million. The overall drop was aggravated by one-off sales of aircraft in 2019 worth alone NZD276 million, which naturally could not be sustained.
- By contrast, German machinery sales have remained more stable, down 16%, from NZD321 million to NZD271 million. And the major services export earner - transportation – was down only 5% in value terms, from NZD340 million to NZD322 million. Germany's exports of pharmaceuticals even increased, by 25% to NZD114 million.

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