Media release

Statistics New Zealand
TATAURANGA AOTEAROA

Annual current account deficit up as exports fall

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New Zealand's current account deficit for the year ended December 2012 was $10.5 billion (5.0 percent of GDP), Statistics New Zealand said today.

A current account deficit means the rest of the world earned more from New Zealand than New Zealand earned from overseas.

The increase in the deficit from $9.9 billion (4.7 percent of GDP) for the year ended September 2012 was mainly due to a $1.3 billion fall in exports of goods and services. Exports of dairy and crude oil were both lower than for the September 2012 year, while expenditure by overseas visitors to New Zealand also fell.

"Dairy prices were much lower than a year ago, while overseas visitor spending has fallen from last year's boost by the Rugby World Cup," balance of payments manager John Morris said.

Quarterly current account deficit also increases

In the December 2012 quarter, New Zealand's current account balance, when adjusted for seasonal factors, was a deficit of $2.7 billion. This compares with a deficit of $2.5 billion for the previous quarter.

The larger deficit this quarter was mainly due to a rise in income earned by foreign investors in New Zealand. Foreign shareholders in New Zealand companies received larger dividend payments in the latest quarter.

New Zealand funded the current account deficit mainly by borrowing from overseas. Foreign investors purchased $3.1 billion of government bonds this quarter.

As a result of this increased borrowing, New Zealand's net international liability position was $150.0 billion (71.7 percent of GDP) at 31 December 2012, up $2.2 billion from 30 September 2012.

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For media enquiries contact:
John Morris
Wellington 04 931 4600
Email: info@stats.govt.nz
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Authorised by:
Geoff Bascand
Government Statistician