Inquiry into New Zealand's economic and trade relationship with Australia

Foreign Affairs, Defence and Trade Select Committee

Submission from the
Campaign Against Foreign Control of Aotearoa,
P.O. Box 2258, Christchurch.

6 July 2000

1. Introduction

1.1. While the Committee's Inquiry covers a number of policy areas, this submission focuses on two: investment, and a single trans-Tasman currency.

1.2. This is not intended to minimise the importance of other areas. We focus on investment and related areas because they are our area of specialist concern and expertise. We share concerns with others for example over the continued trade deficit with Australia; that New Zealand content in broadcasting has been opened to Australian productions under CER; and that there is effective Australian control of our food standards through its overwhelming majority on the Australia New Zealand Food Authority. There has been insufficient debate over the effects of CER.

2. CAFCA

2.1. The Campaign Against Foreign Control of Aotearoa (CAFCA) has been in existence for over twenty-five years. It concerns itself with all aspects of New Zealand's sovereignty, whether political, economic, military or cultural. It opposes foreign control of New Zealand by other States or by corporations, but welcomes interaction with people of other countries on the basis of equality. It is anti-racist and internationalist in outlook and has wide networks with other groups and individuals in New Zealand and overseas.

2.2. Its members include a number of institutions and libraries, journalists, politicians from most political parties, public figures, trade unionists, environmentalists, and other researchers in the area. It is consulted by a large number of organisations. Members receive a magazine, Foreign Control Watchdog, approximately three times a year. It is acknowledged as a unique and well-researched source in this area, where hard information is difficult to come by. CAFCA also researches, publishes, and organises public meetings and other events.

2.3. Since December 1989, CAFCA has been receiving monthly information from the Overseas Investment Commission (OIC) on its decisions. We analyse this information, and supply our analysis on subscription and on request to mainstream news media and other interested parties, and it is published regularly in *Watchdog*. We are therefore aware of most significant direct investments into the country.

3. Investment

3.1. Income on foreign investment – whether borrowing, portfolio, or direct investment – is the principal (though not only) reason for New Zealand's current account deficit remaining at excessive levels. Since mid 1996 it has been almost constantly over 6%, and up to 8% of GDP ($8.2 billion)1. That feeds the enormous foreign debt – at over $100 billion, compared to $16 billion in 1984, now over 100% of GDP. Paying interest on the debt and dividends to overseas companies is now taking almost a quarter of our export earnings and generally more than accounts for our current account deficit. On those measures we are in a worse situation than a number of the East Asian nations that crashed in 1997.

3.2. It is therefore of considerable interest whether our relationship to Australia improves or worsens that position. The available statistics are tabulated in the Appendix.

3.3. Not just in passing, we note the paucity of statistics available for the analysis of the Australia/New Zealand (or any other New Zealand bilateral) relationship. It is not possible for example to construct a full balance of payments between the two countries. There is a acute lack of data on which to judge the success or otherwise of CER and other aspects of our relationship with Australia. It seems irresponsible to make major decisions in such a factual vacuum. The same applies to our other bilateral international economic relationships.

3.4. The tabulated statistics refer only to direct investment – where an overseas investor has 25% or greater ownership, and control is intended. It is important to note that the Australian Bureau of Statistics uses the more stringent threshold of 10% to indicate a degree of control, which is consistent with international standards (BPM5). This also implies that investment statistics from the Australian Bureau of Statistics and Statistics New Zealand may not be comparable.

3.5. It turns out that the investment relationship with Australia is important not only as an example: in 1999 New Zealand investment in Australia constituted 71% of all New Zealand direct investment overseas. That proportion has risen rapidly from 42% in 1993, the first year for which we have data. In dollar terms it has almost tripled: from $3.314 billion to $9.563 billion during that period.

3.6. In the other direction – Australian investment in New Zealand – the absolute level is much higher, at $22.504 billion in 1999. It has more than doubled since 1993, from $10.341 billion. In 1999 it constituted 36% of all foreign direct investment in New Zealand, a proportion that has remained relatively stable over that period.

3.7. So the investment relationship is dominated by Australia: New Zealand investment in Australia was only 42% of Australian investment in New Zealand in 1999. Though that was higher than the 32% in 1993 (the oldest figure available for investment stock), the ratio had been as high as 49% (in 1995), falling to 36% in 1998 (see Table 1).

3.8. Data is available on investment *flows* for a much longer period. We tabulate data since 1972 – well before the beginning of CER – in Table 2. A comparison is made with investment flows to and from the whole world. Reflecting the stock of investment, the flow has been predominantly Australian investment in New Zealand. Over the period 1972 to 1999, $6.801 billion (or 69%) more was recorded in flows from Australia to New Zealand than in the other direction.

3.9. These flows confirm that New Zealand-based overseas investors are much more reliant on Australia than Australian-based overseas investors are on New Zealand: Australian Bureau of Statistics data show that only 5-7% of all Australian investment overseas (i.e. including non-direct investment) was in New Zealand between June 1994 and June 1999. And New Zealand investment in Australia, although it has grown in absolute terms, was only 2% of all foreign investment in Australia during that period. So New Zealand is not nearly as influential economically in Australia as Australia is in New Zealand.

[1] Statistics New Zealand, Balance of Payments.

3.10. This disparity has apparently worsened over the period of CER. Bollard, McCormack and Scanlan noted in their study of CER in 1985[2] that the Australian “share of foreign direct investment in New Zealand is over 30%. In comparison, New Zealand’s share of foreign investment flows into Australia has never been over 3%”. They are referring to flows (rather than stock) of investment. Between June 1994 and June 1999, New Zealand investment flows into Australia were between –1% (i.e. disinvestment) and 5% of all investment into Australia, according to the ABS. On the other hand on average, in the CER period, 42% of all foreign direct investment flows into New Zealand came from Australia, and 46% in the five March years 1994-1999. Over those last five years *almost all* New Zealand net overseas investment (96%) went to Australia – largely because of large disinvestments from the rest of the world in two of those years (see Table 2 below).

3.11. Looking now at income from investment, official statistics for direct investment income between Australia and New Zealand are available only until 1995. Statistics New Zealand however kindly supplied indicative data for the years 1996-1999 (unofficial, not for publication), which have been used to estimate the income flows for the whole period.

3.12. They confirm a spectacular rise in investment income being remitted abroad since 1992 – a significant loss of resources to New Zealand. That was already indicated by the official data for the years 1993-1995. In 1992, $140 million was returned home by Australian companies. That leapt to $638 million in 1993, $973 million in 1994 and $1,109 million in 1995. The indicative data suggests this loss of resources has continued to rise rapidly – the annual loss probably doubling again to 1999. The average remittance over the seven years 1993-1999 was over six times the previous seven years.

3.13. Yet the counterpart, income to New Zealand investment in Australia, has increased relatively sedately. New Zealand direct investment income from Australia less than doubled over the 1993-1999 period. By comparison, the average return to New Zealand over the seven years 1986-1992 was almost identical to that in the reverse direction ($217.4 million vs $214.1 million).

3.14. Over the whole period 1972-1999, New Zealand investment income from Australia was only 36% of Australian investment income from New Zealand. The investment relationship with Australia therefore contributes significantly to New Zealand’s current account deficit. In 1999 the investment income deficit was probably around $1.5 billion.

3.15. Because significant components of the Balance of Payments are not available from Statistics New Zealand, it is not possible to analyse the balance of payments with Australia. The best that can be done on the current account is to look at the partial balance of payments constituting merchandise trade and direct investment income. Missing are services, transfers and other investment income. This is presented in Table 3.

3.16. The deficit on this partial current account is tabulated. The deficit as a proportion of export plus direct investment income payments is also provided to enable comparisons to be made over the period. It shows that this deficit was steadily improving prior to the advent of CER at the beginning of 1983, and continued to improve until the early 1990’s. Then – initially because of the investment income deficit, but since 1996 reinforced by a significant merchandise trade deficit – it rapidly worsened. By 1999 it was back to levels similar to the start of CER: a deficit of 31% of merchandise exports plus direct investment income, compared to 43% in the year to March 1983, and 38% in 1982.

3.17. The situation may be even worse. Companies resident in New Zealand which invest in Australia are counted as bringing investment income to New Zealand even if they are themselves overseas companies. For example, Lion Nathan, Carter Holt, Fletcher Challenge and Telecom have substantial investments in Australia, but are themselves overseas controlled. So much of the income from their Australian investments will not remain in New Zealand but be sent to the parent companies – Kirin (Mitsubishi) in the case of Lion, for example.

[2] “Closer Economic Relations: a view from both sides of the Tasman”, by Alan Bollard, Darcy McCormack, and Mark Scanlan, publ. New Zealand Institute of Economic Research and Committee for Economic Development of Australia, 1985.

3.18. Though investment has not been an explicit part of the formal CER agreement, the much more open investment policy pursued by New Zealand during most of the period since its signing has led to an unbalanced result, and one that in the long run is probably unsustainable.

3.19. Even though investment is not formally part of CER, discussions with Australia led to a significant relaxation of New Zealand's already bungy-like regulations in 1999. The threshold for Overseas Investment Commission approvals for investment (other than those involving land or fishing quota) was increased from $10m to $50m in a move that was controversial both because it was a further step backwards, and because it was put into effect just weeks before the General Election.

3.20. An argument could be made that New Zealand has benefited from the increased Australian investment in New Zealand. However that has yet to be demonstrated, and it is probable that the great majority of it is take over rather than "greenfield" investment. That would be consistent with the general case.

3.21. Most recent foreign investment has been takeover rather than creation of assets and jobs. For example the now-abandoned but official Foreign Direct Investment Advisory Group estimated that the sale of privatised state assets "accounted for approximately 42% of total inbound investment to New Zealand over the decade [1986 to 1996]"[3]. Among published Overseas Investment Commission decisions in 1995, just half (50%) of the investments appeared to be greenfield activity, but these were worth only a quarter (24%) of the value, the great majority being in forestry. The remaining 76% by value were takeovers or restructuring of the ownership of existing investment[4].

3.22. One only has to recall recent activity that has led to the spectacularly increased flow in investment income from New Zealand to Australia: Australian takeovers of the Bank of New Zealand, ASB, Postbank, the Trust Banks, and a number of other financial institutions; Goodman Fielder's acquisitions in New Zealand, Australian Gas Light's increasing interests in New Zealand, including both gas and electricity takeovers, the St Lukes Group (the second most profitable property owner in New Zealand in 1999 according to *Management* magazine, December 1999), and FAL/Progressive in supermarkets (30% of the grocery market with Countdown, Foodtown supermarkets and 3 Guys SuperValue and Fresh Choice brands) and a number of other major retail chains.

3.23. That is on top of longstanding holdings such as ANZ, Westpac, a number of insurance companies, Goodman Fielder, CSR, and so on.

3.24. There has also been a pattern of the closure of successful New Zealand operations in order to move them to Australia to be either closer to markets or to benefit from government incentives. This has not necessarily been a result of Australian ownership, but rather of the open trade and investment relationship with Australia, which has allowed this to happen. Examples:

- In 1996, Unilever purchased Helene Curtis and closed its Christchurch cosmetics manufacturing operations in favour of existing plants in Australia, leading to the loss of 118 jobs.
- Arnotts (which had earlier taken over Aulsebrooks, and Katies Cookies) closed its biscuit factories, and moved production to existing plants in Australia with the loss in New Zealand of 290 jobs.
- Cedenco (owned over 25% by Brierley Investments at the time) moved its tomato processing to Australia.
- Unisys (U.S.A.), which bought out the Christchurch developers of the LINC software development system in the early 1980's and then contracted them to develop it further, in 1992 moved the development operation to Australia contributing to the loss of 96 jobs, including many skilled computer professionals[5].

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[3] "Inbound Investment: Facts and Figures", Foreign Direct Investment Advisory Group, August 1997, p.6.

[4] "Foreign Investment in New Zealand: the Current Position", by Bill Rosenberg, in "Foreign Investment: the New Zealand Experience", edited by Peter Enderwick, Dunmore Press, 1997, p.59.

[5] "Changing trends led Aoraki to staff cuts", *Press*, 29 June 1995, p.36.

- Heinz-Wattie bought the assets and brands of Auckland meat processor Shortland Cannery in November 1996 and two months later announced the operation would be moved to New South Wales, losing 47 jobs.
- S.C. Johnson Wax (losing 45 jobs), Reckitt and Colman (107 jobs), Corfu Jeans (25 jobs), Caroma Industries (15 jobs), and Johnson and Johnson, made other closures, all moving to Australia[6]. Others include Bendon, John Sands, Methven, Dorf Taps, Designer Textiles, Harding Signals, Utilux, Capral Aluminium, and Able Cooke[7]. Reader's Digest closed its Auckland customer service division and contracted it to a Canadian firm operating in Tasmania[8].

3.25. On top of these are companies which have moved head offices to Australia. The most prominent was Lion Nathan, but so has Fernz, and Carter Holt Harvey's paper products division and many others. It is also the effective outcome of a takeover, even if a New Zealand branch office remains. The practical effects, on top of the loss of control and influence, include loss of professional skills and high-level employment opportunities to New Zealand, and reduced demand for office space and support services such as legal and accounting. It is difficult to imagine that New Zealand and New Zealanders will figure as highly in the priorities of a Sydney-based executive.

3.26. Thus there are demonstrably damaging aspects of the investment relationship with Australia. Counterbalancing benefits also must be demonstrated, rather than asserted on faith or theory, before a favourable judgement can be made on its current state and sound proposals made for future developments.

4. Single trans-Tasman currency

4.1. We do not have the resources to respond fully to this issue, nor to provide a full critique of studies to date such as that by Grimes and Holmes, and those by Treasury and the Reserve Bank.

4.2. We do not accept the assumptions and methodology of many of those studies, but note in particular and with concern that they are based overwhelmingly on analysis of the experience of the past twenty or so years. It is absurd to base such a monumental policy decision on such a short – and probably atypical – part of New Zealand's history. Because the abandonment of a currency is so difficult to reverse, such methods of analysis make the extraordinarily arrogant assumption that current knowledge – on which current analyses are based – will not be modified or improved upon over a period approximating eternity in human terms. The knowledge on which they are based is also almost solely that of economics. Yet the effects of a currency are far wider than simply economic.

4.3. By way of counterexample we point out that New Zealand had a fixed exchange rate – first the pound sterling itself, and then a New Zealand pound fixed to the British pound – until the 1930's. The first devaluation took place in the context of the 1930's Depression. Without it, New Zealand would likely have defaulted on its loans, and the consequences of the Depression would have been even more severe. The break from a fixed exchange rate was a part of the changes that occurred during the 1930's under the first Labour Government to begin the long process of transforming New Zealand into an independent country and economy. While in our view that process is far from complete, and acknowledging that circumstances now have many differences from the 1930s, there is nonetheless also a great deal to learn from our history.

4.4. The principle arguments given in favour of a fixed exchange rate or monetary union are microeconomic. They are ones that make daily business easier, such as more predictability, less volatility, elimination of the costs of hedging and conversion of currencies. Yet the principle reason for a flexible currency is macro-economic: to make adjustment easier after an economic shock such as a fall in export prices, or a loss in demand such as occurred as a result of the Asian financial crisis.

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[6] "Formerly made in New Zealand", by Patricia Herbert, *New Zealand Herald*, 11 September 1996, p.A15.

[7] "Moving on up", by Barbara Dreaver, *New Zealand Listener*, 13 November 1999, quoting the Employers and Manufacturers Association.

[8] "Calling Australia Home", by Simon Robinson, *Time*, 9 November 1998, p.46-47.

4.5. It needs to be spelled out in plain language what the unmitigated effects of such shocks can be: it is not made clear by the cloaked jargon of economic analyses. Those effects are the loss of export sales and income, leading frequently to loss of jobs, and at worst to bankruptcies, possibly on a large scale. In other words, potentially a depression of the depth that New Zealand experienced in the 1930's.

4.6. Some analysts have argued that our economy is enough in step with the home economies of potential currencies of adoption that those currencies would cushion us as well as the New Zealand dollar does. That is by no means accepted. McCaw and McDermott[9] for example conclude that "monetary policy settings of Australia and the United States would have been inappropriate for New Zealand about 30% of the time" (p.40), and show that there is little more synchronisation of the movement of the prices of New Zealand and Australia's main exports than would be expected by chance (p.43).

4.7. But whatever the conclusions of such studies, we must emphasise again that they can only comment on the present and the short-term. What if – as governments have repeatedly tried to achieve – the structure of New Zealand's economy changes, for example to produce more value-added or knowledge-based goods? What if future New Zealanders want their country to become less (or more) exported oriented, or more self-sufficient. Those options may be impossible in a monetary union.

4.8. In the last 20 years, New Zealand governments, beginning with the Muldoon administration, have progressively disposed of the tools that would give us some ability to deal with such shocks. These include import controls, exchange and capital controls, and tariffs. Our currency – inadequate as it is and always has been – is our last remaining weapon. We should be rebuilding this armoury rather than disposing of it.

4.9. Without such direct means to address shocks in our international economic relationships, governments and other forces in the economy must resort to other, indirect, means.

4.10. The first of these means is to cut wages – in the economists' euphemism, "price and wage flexibility". Falls in *real* wages normally occur after a currency devaluation in any case, because the devaluation raises prices. But because it is across the board, and occurs over a period of years – often when other factors are in play in any case – the pain is easier to absorb. Without a devaluation, wage cuts will need to be immediate, severe, and focussed on the industries directly affected by the shock.

4.11. Normally there is considerable resistance to wage cuts. Either resistance is direct, through industrial action, or indirect, through people leaving the industry, region or country. In the international situation then, a second method of "dealing with" a shock is emigration. The country loses its most mobile – and frequently its young and most able people – overseas. As Coleman[10] puts it in a way that only an economist could (and in a footnote!): "Even if people remaining in New Zealand were worse off after closer integration, it would not necessarily be a disadvantage to all New Zealanders, as some will migrate to take advantage of the higher wages in the benefiting regions" (p.15, footnote 28).

4.12. If neither wage cuts nor loss of population are sufficient, a government can transfer resources from other parts of the economy. It can provide assistance to employees or industry for example. In recent years, New Zealand governments have deliberately refused such action. Instead they have ended up paying in unemployment and other benefits – another means of transfer of resources, but one that does not avoid the social costs.

4.13. If none of those happen, people lose their jobs: unemployment rises, sometimes dramatically.

4.14. So the price of the loss of our ability to control our economic relationship with the rest of the world is falling incomes, loss of our young and most able population overseas, and unemployment – in other words, the gradual dissipation of the nation.

4.15. It is directly analogous to the effect of the free trade, free investment, fixed currency zone that is New Zealand's internal economy: some regions prosper, while others (such as the West Coast)

[9] "How New Zealand adjusts to macroeconomic shocks: implications for joining a currency area", by Sharon McCaw and John McDermott, Reserve Bank of New Zealand *Bulletin* Vol. 63, No. 1, p.35-51.
[10] "Economic Integration and Monetary Union", The Treasury Working 99/6, by Andrew Coleman.

suffer continual loss of population, low incomes and high unemployment. Tasmania provides a similar example in Australia. That New Zealand will be the loser rather than the winner with Australia is evidenced by the existing drift of people, companies and resources from New Zealand to Australia under CER.

4.16. Such consequences are recognised in the European Monetary Union by a transfer of resources between countries, from winners to losers, in the form of grants of various kinds. It would be national suicide to enter a monetary union with Australia or any other country without negotiating such an arrangement. In the end – and probably at the outset – that would mean political union, and the complete loss of our sovereignty.

4.17. If we are seriously considering that, it should be stated, and the consequences for Maori and the Treaty of Waitangi, our independent foreign policy, and our ability to develop economically and socially, should be made clear.

4.18. There is one positive aspect to this debate. The abandonment of our currency, whether by fixing its value or by adopting another currency, is a correct admission that the policies that accompanied the floating of the currency in 1985 have failed. Criticisms of the free-floating currency include the cost of the increased volatility of the New Zealand dollar (though the degree of that volatility is challenged by the Reserve Bank[11]), the uncertainty inherent in its movement against other currencies, and the cost of converting between currencies.

4.19. Coleman goes as far as stating (p.24) that: “there is a growing consensus among economists that exchange rates are excessively volatile, and that there is little short term relationship between exchange rates and economic fundamentals even if exchange rates eventually reflect fundamental factors in the longer term”. He presents results that demonstrate that the currency can “deviate from fundamentals for long periods of time” due to speculation.

4.20. In addition, in New Zealand’s case the currency has famously deviated from fundamentals – in the sense that the economy has grown increasingly into foreign debt built by persistent current account deficits – due to it deliberately being used as a means to control inflation. The method used is to raise interest rates, which attract foreign investors, thereby raising the value of the currency, reducing both the cost of imports and internal demand. That it made exporters unviable, and encouraged unaffordable imports that put New Zealand companies and people out of work, is apparently only an unavoidable side effect.

4.21. But what both this and the speculation described above show is that it is uncontrolled or inappropriately controlled capital movements – i.e. cross-border *investment* – that leads to the failure of the currency to do its job.

4.22. The effect of investors on a currency is also the main reason for not reverting to the position before 1985 – flexible but not floating rates, set and defended by the government – which were designed to be a compromise between stability and damaging rigidity. The power of international investors has grown so enormously since then that a government of the size of New Zealand would find it almost impossible to defend the currency against attack. Even large European economies have found it difficult to resist such an attack.

4.23. An example of such an attack, using large scale capital movement for speculative purposes that indicates the power available to such operators, was given by a U.S. currency trader for Bankers Trust, Andrew Krieger. He claimed that in late 1987 he “played” several hundred million – possibly as much as a billion – New Zealand dollars against New Zealand’s currency, leading to a crash by 10% of the value of the New Zealand dollar[12].

4.24. Only 2-3% of foreign currency dealing internationally is related to trade: most of the rest is speculation. In New Zealand’s case *daily* foreign exchange turnover averaged around $13.5 bil-

[11] For example, see “The Pros and Cons of Currency Union: A Reserve Bank Perspective”, an address by Dr D. T. Brash to the Auckland Rotary Club, 22 May 2000.

[12] “The Money Bazaar - inside the Trillion-dollar world of Currency Trading”, Andrew J. Krieger with Edward Claflin, Times Books N.Y., 1992, p.93ff.

lion in April 1998[13], so just two days trading is worth about our *annual* exports of goods and services.

4.25. The clear conclusion therefore to the problems with either fixed or floating currency is for the government to pursue nationally and internationally, not increased liberalisation of investment and other financial transactions, but international action to control the movement of capital so that flexible exchange rates can once more be defended.

5. Conclusions

5.1. There is a desperate lack of data on which to judge the success or otherwise of CER and other aspects of our relationship with Australia.

5.2. However, it seems clear that the investment relationship has been an unequal one, in which Australia is the winner, and which is leading to loss of industry, economic control, jobs, expertise, and resources (in the form of Australian investment income).

5.3. We strongly oppose the abandonment of the New Zealand currency. On the contrary, we should be rebuilding our ability to manage our relationship with the rest of the world rather than throwing away almost the last purpose-built tool, inadequate as it is. Monetary union with Australia would not be viable (for New Zealand) without political union. That is something New Zealanders would, we believe, oppose.

5.4. On an international level, in order to make the currency more effective and defendable, the government should be pursuing a policy of international action to control the movement of capital.

[13] Reserve Bank of New Zealand News Release, 30 September 1998, US$ converted to NZ$ at US$0.5531=NZ$1 (the mid-rate for April 1998).

Appendix

Table 1: Australian Direct Investment Stock in New Zealand

	Investment Stock ($m)				
March Year	NZ in Australia	Australia in NZ	NZ stock as % of Australian stock	% of NZ overseas investment in Australia	Australian % of overseas investment in NZ
1993	3,314	10,341	32%	42%	37%
1994	4,000	11,574	35%	44%	33%
1995	6,437	13,124	49%	55%	33%
1996	6,037	14,717	41%	46%	30%
1997	5,774	15,713	37%	59%	29%
1998	7,146	19,626	36%	69%	31%
1999	9,563	22,504	42%	71%	36%

Table 2: Direct Investment income and flows between New Zealand and Australia

	Investment income			Investment flows				
	($m)			($m)			(% of world flow to/from NZ)	
March Year	**Credits**	**Debits**	**Net to NZ**	**NZ to Australia**	**Australia to NZ**	**Net flow to NZ**	**NZ to Australia**	**Australia to NZ**
1972	2	23	-20	2	36	34	18%	37%
1973	2	28	-27	7	36	29	233%	34%
1974	8	48	-40	9	36	27	64%	24%
1975	8	47	-39	2	57	55	13%	32%
1976	15	40	-25	5	39	34	28%	34%
1977	23	67	-45	7	92	85	19%	33%
1978	37	70	-32	24	75	51	77%	47%
1979	19	77	-58	36	27	-9	67%	10%
1980	25	65	-40	36	100	64	49%	29%
1981	41	71	-30	41	34	-7	35%	17%
1982	55	127	-71	23	144	121	20%	39%
1983	93	125	-31	72	189	117	12%	52%
Pre-CER	*329*	*787*	*-458*	*264*	*865*	*601*	*24%*	*33%*
1984	88	187	-99	124	159	35	230%	78%
1985	130	288	-158	178	190	12	51%	42%
1986	164	237	-73	173	162	-11	104%	22%
1987	236	247	-11	733	-40	-773	77%	-10%
1988	306	346	-40	707	114	-593	75%	48%
1989	280	34	246	517	343	-174	229%	47%
1990	178	407	-229	3,402	1,237	-2,165	86%	44%
1991	495	109	386	-539	-728	-189	-21%	-25%
1992	-137	140	-277	305	879	574	42%	43%
1993	30	638	-608	-255	3,096	3,351	10%	76%
1994	260	973	-713	1,115	878	-237	33%	19%
1995	513	1,109	-596	1,806	1,018	-788	68%	25%
1996	*Not available*			45	1,402	1,357	-2%	26%
1997				89	1,214	1,125	-4%	44%
1998				1,105	3,085	1,980	157%	76%
1999				121	2,817	2,696	6%	151%
CER Period	*4,201*	*11,927*	*-7,726*	*9,626*	*15,826*	*6,200*	*82%*	*42%*
Total 1972-99	**4,530**	**12,714**	**-8,184**	**9,890**	**16,691**	**6,801**	**77%**	**42%**

(Source: Statistics New Zealand. Note that the investment income totals to 1999 include indicative figures provided by Statistics New Zealand – see text.)

Table 3: Partial Balance of Payments between Australia and New Zealand.

March Year	Merchandise trade ($m) Exports (fob)	Imports (vfd)	Balance	Investment Income ($m) Credits	Debits	Balance on trade plus investment income (1)	(1) as % of exports + investment income Credits
1972	109	243	-134	2	23	-154	-139%
1973	122	310	-188	2	28	-215	-174%
1974	165	417	-252	8	48	-292	-169%
1975	183	509	-326	8	47	-365	-191%
1976	242	478	-236	15	40	-261	-102%
1977	362	639	-277	23	67	-322	-84%
1978	419	657	-238	37	70	-270	-59%
1979	444	737	-293	19	77	-351	-76%
1980	611	901	-290	25	65	-330	-52%
1981	769	1,014	-245	41	71	-275	-34%
1982	989	1,319	-330	55	127	-401	-38%
1983	969	1,394	-425	93	125	-456	-43%
1984	1,176	1,553	-377	88	187	-476	-38%
1985	1,695	2,064	-369	130	288	-527	-29%
1986	1,871	1,804	67	164	237	-6	0%
1987	1,762	1,792	-30	236	247	-41	-2%
1988	2,013	2,272	-259	306	346	-299	-13%
1989	2,452	2,351	101	280	34	347	13%
1990	2,923	2,875	48	178	407	-181	-6%
1991	2,980	2,943	37	495	109	423	12%
1992	3,258	3,035	223	-137	140	-54	-2%
1993	3,667	3,406	261	30	638	-347	-9%
1994	4,017	3,596	421	260	973	-292	-7%
1995	4,466	4,132	334	513	1,109	-262	-5%
1996	4,198	4,439	-241	*Not available*		-1,374	-30%
1997	4,210	4,779	-569			-2,380	-55%
1998	4,519	5,245	-726			-1,807	-36%
1999	4,791	4,925	-134			-1,663	-31%
Total	**55,382**	**59,829**	**-4,447**	**4,530**	**12,714**	**-12,631**	