

## COUNTRY PROFILE



## New Zealand

GLOBAL RANK: 9th= of 104



New Zealand's 9th place in the ranking, tied with Denmark, is attributable to a consistently strong score across many of the indicators, with high education and governance indicators ensuring that its Economic Competitiveness rank (10th) is a little higher than that for Comparative Liveability (12th).

## ● BACKGROUND

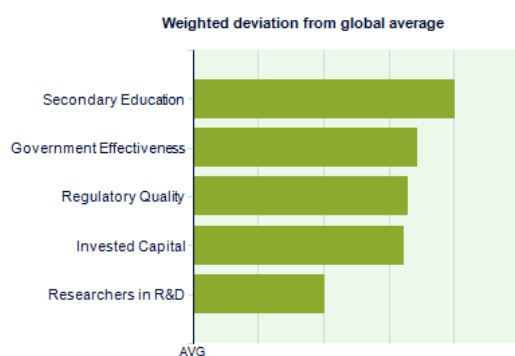
A democratic and wealthy Pacific nation of 4.1 million people, New Zealand's principal racial divide is between a majority European population and an indigenous and largely poorer Maori community. Since a government decision in the 1980s to embrace free market reform, New Zealand has been transformed into a prosperous and diversified economy. A landmark free-trade agreement with China was signed in April 2008. As a major agricultural exporter, New Zealand is also well positioned to benefit from high global food prices. The country's unspoiled natural beauty attracts many international visitors, with tourism accounting for 9% of GDP.

## FAST FACTS

|                          |                                |                          |                            |
|--------------------------|--------------------------------|--------------------------|----------------------------|
| <b>Population:</b>       | 4.2 million<br>(2008 est.)     | <b>FDI (net inflow):</b> | 6.03%<br>(2006 est.)       |
| <b>Life Today</b>        | 7.4<br>(2007 est.)             | <b>Exports</b>           | 21.45%<br>(2006 est.)      |
| <b>GDP (PPP)</b>         | \$111.7 billion<br>(2007 est.) | <b>Imports</b>           | 25.26%<br>(2006 est.)      |
| <b>GDP (Growth)</b>      | 3%<br>(2007 est.)              | <b>Unemployment:</b>     | 3.6%<br>(2007 est.)        |
| <b>GDP (per Capita)</b>  | \$26,400<br>(2007 est.)        | <b>Life Expectancy</b>   | 80.24 years<br>(2008 est.) |
| <b>Political System:</b> | Parliamentary Democracy        |                          |                            |
| <b>Foreign Aid:</b>      | No data                        |                          |                            |

## ● KEY SCORE DRIVERS

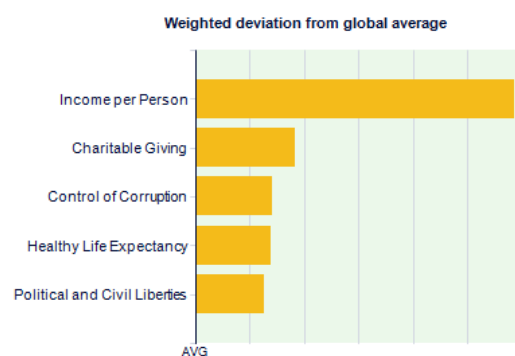
## ECONOMIC COMPETITIVENESS



New Zealand's governance has stabilised after years of turbulent economic management, and now scores well. Tough measures in the 1980s to reverse price and wage controls, to lift tariffs and agricultural subsidies, and deregulate labour and capital markets have drastically improved the quality of regulation. New Zealand is also highly ranked for government effectiveness.

New Zealand's opportunities for growth have historically been constrained by its small population and remoteness. By the standards of other OECD member states, the economy remains unusually focused on commodity exports. However, the percentage of GDP generated through exports is dropping as private and government consumption increases.

## COMPARATIVE LIVEABILITY



New Zealand scores well nearly across the board and benefits from extremely good political life scores, especially its control of corruption and political rights and civil liberties ratings. Income provides a strong foundation for life satisfaction in general, and the health-adjusted life expectancy of a New Zealander is a good 70.8 years.

The beauty of New Zealand's natural environment is reinforced by strong levels of protection. The country is committed to the goal of being carbon-neutral by establishing a domestic emission trading system and investing in reforestation and renewable sources of electricity. Biodiversity and vulnerable lowland environments are statutorily protected.

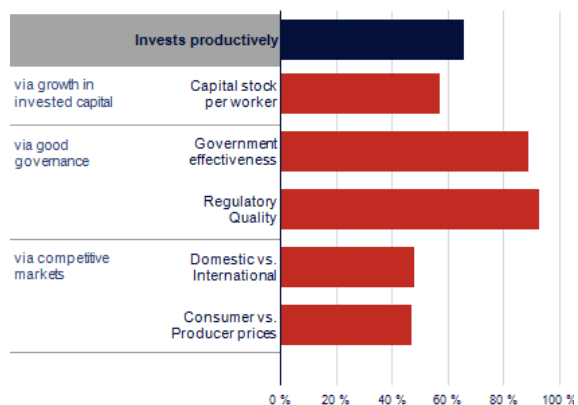
Environmental protection also provides social and economic benefits.

With an average of 4.22 years of secondary education per worker, the quality and availability of mass education is good. At the high end of the human capital spectrum, the large number of R&D researchers in the workforce provides good reason for optimism about New Zealand's future growth prospects.

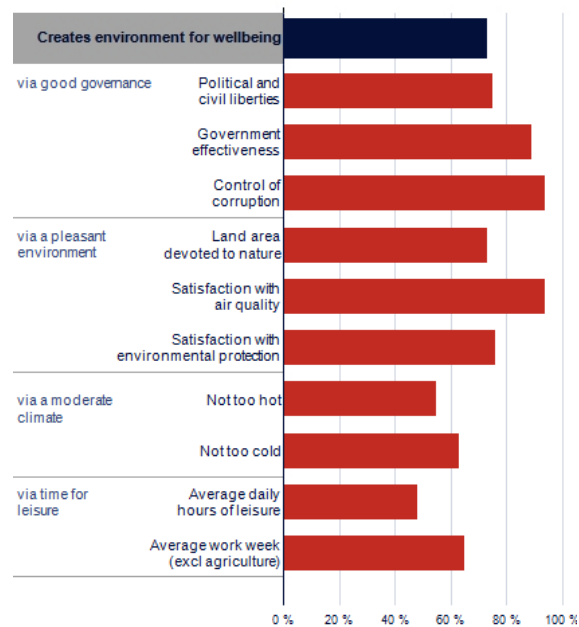
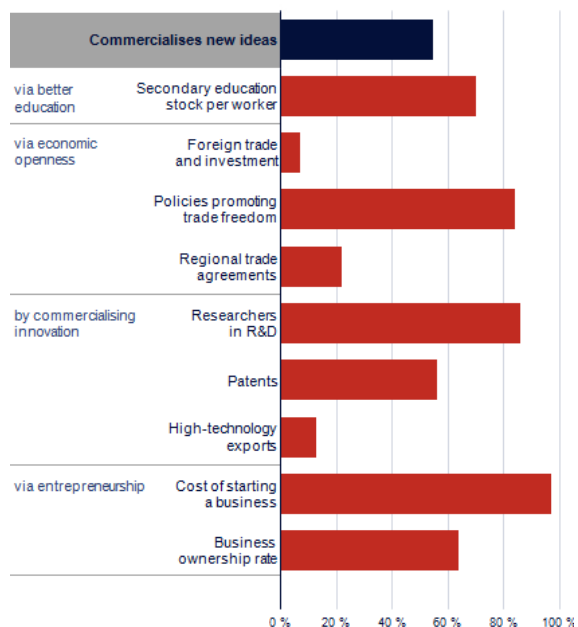
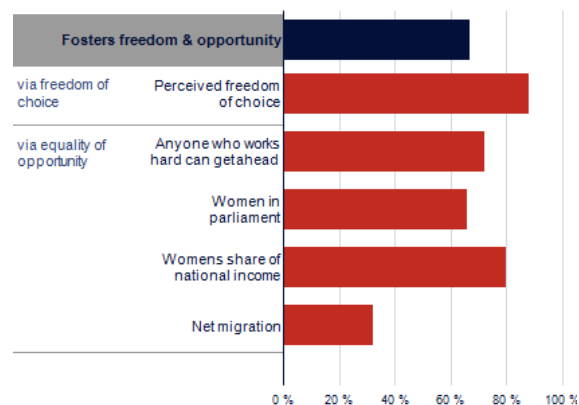
Australia, Britain, Japan and Southeast Asia remain important markets for trade, and China is rising in importance. New Zealand has recently become a more favoured destination for foreign direct investment, increasing its levels of capital investment. The NZ-Australia Free Trade Agreement (NZFTA), signed in 1966, has been incrementally strengthened and may soon extend to joint investment protocols. Despite this progress, New Zealand does not register a high openness score by global standards. However, it is rapidly strengthening its regional integration through other FTAs, both bilaterally and with ASEAN, and this should have a significant effect in the near future.

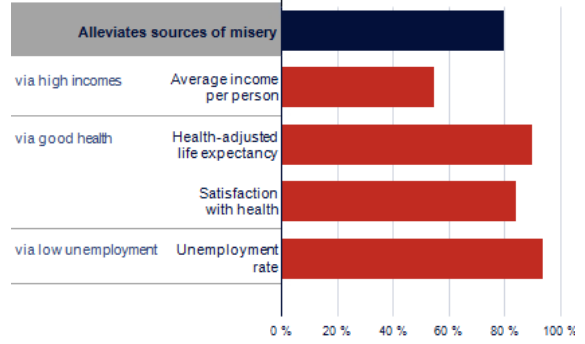
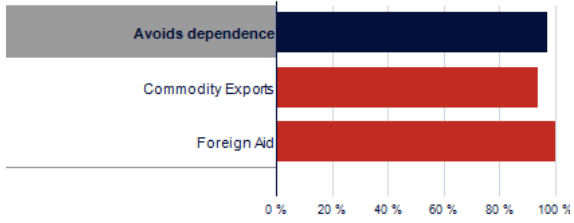
New Zealand estimates that 108,600 people make their living directly from tourism, and there are likely to be future export earnings from the green technology sector. New Zealanders enjoy active, outdoor lifestyles and high levels of community participation. 98% of adults are involved in some form of sport or active leisure activity, according to Sport and Recreation New Zealand. However, average reported leisure times of just over six<sup>9</sup> hours are not exceptionally high. Civic life is strong, with nearly half<sup>9</sup> of respondents to the Gallup World Poll having volunteered in the previous month, and is mirrored by similarly impressive levels of charitable giving.

### ECONOMIC COMPETITIVENESS: SCORECARD

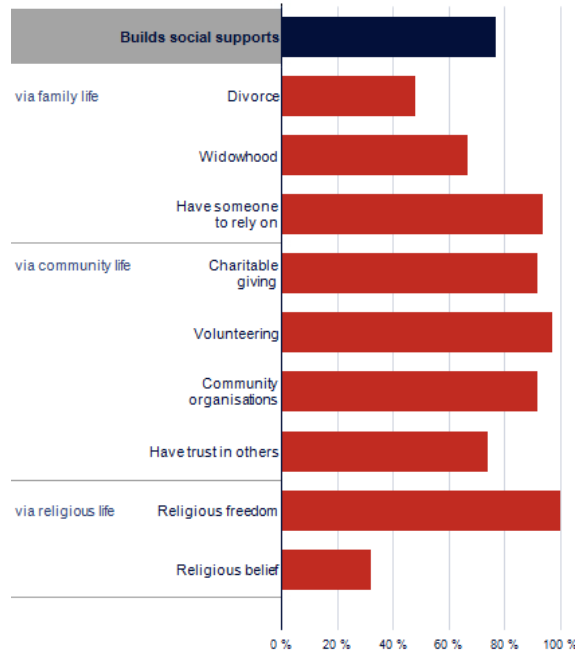


### COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.