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Trade deficit hits $3.9 billion – no change from policy makers

New Zealand's trade deficit has gone over $3.9 billion for the June quarter, hot on the heals of the Finance and Expenditure Select Committee's report which stated that the advantages of alternatives to our current monetary policy "would not outweigh the costs." The New Zealand Manufacturers and Exporters Association (NZMEA) say that while the Select Committee failed to evaluate the costs of alternatives to our current monetary policy framework, our ever-increasing trade balance demonstrates the cost of the status quo.

Only New Zealand First recommended any changes to our monetary policy, proposing that the Reserve Bank should monitor employment, export competitiveness, and the exchange rate as well as inflation. They also recommended that these considerations be added to the Reserve Bank Act to ensure that they received equal consideration to inflation targeting. This view was not shared by the other parties with Bill English's comments that it was a long-winded inquiry that had not produced anything much, and "We said from the outset there was no compelling evidence for change", summing up their attitudes.

NZMEA Chief Executive John Walley says, "Nothing changes if nothing changes. We can all expect declining wealth and increasing deficits until debt finally slows our economy. We need trade to lead a recovery, but who will invest with such uncertainty?"

"The conduct of the Select Committee has to be questioned when it takes over a year to produce a report that fails to properly assess serious alternatives. If politicians are going to go into the Committee with preconceived ideas, what is the point of the process?"

"It is hard to conceive how bad things will have to be to trigger change, but change will come because things are going to get a lot worse."