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US trade deal – time to get our policies right

A trade deal with the US holds some potential for New Zealand's exporters as 10% of our exports already go there. However, the details of the agreement are still to be negotiated and this will take time. The New Zealand Manufacturers and Exporters Association (NZMEA) say that we need to get our domestic policies right so that we have some exporters left to take advantage of any trade deals.

NZMEA Chief Executive John Walley says, "As we saw with the China Free Trade Agreement (FTA) the devil is in the detail, we have a number of members who do not have access to the Chinese market at this point, so details matter more than headlines in trade deals."

"To take advantage of trade deals we must have greater stability in the real economy, and policy, particularly monetary policy, that changes the exchange rate impacts that threaten investment in the real economy and our ability to trade."

Bryan Gould, a former senior politician in Britain and Vice Chancellor of Waikato University, has released a book adding to the debate on New Zealand's competitiveness problems. He explains the monetarist thinking that led politicians to take New Zealand down its current path and why these policies do not work for us.

"This adds further weight to the arguments presented to the Finance and Expenditure Select Committee that we need monetary policy changes to stabilise our exchange rate so that exporters have the confidence to invest in increasing their productivity," says Mr. Walley.

"Trade deals can help, but without the capacity to trade, do they matter?"