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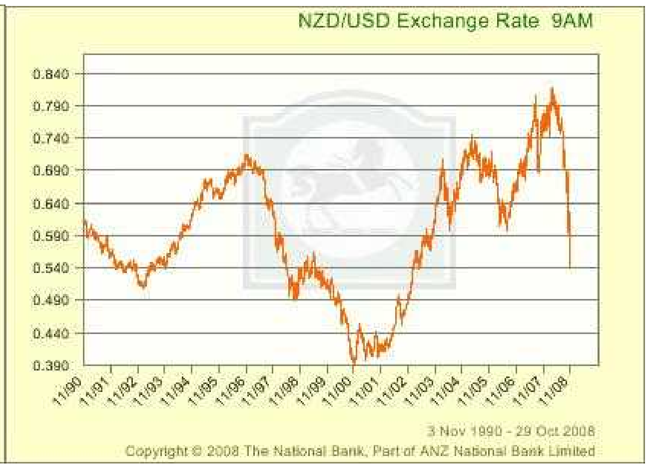
Trade figures spell out continuing problems

Septembers trade figures have been released showing a $1.2 billion trade deficit, about twice what was expected. The New Zealand Manufacturers and Exporters Association (NZMEA) say that this performance indicates just how fragile any export lead recovery might be.

NZMEA Chief Executive John Walley says, “A large and unexpected trade deficit of this size has to be a worry. A falling dollar might help, but this result indicates either a problem finding markets or a reluctance from exporters to risk expanding their trade. Past volatility may well have been just too much.”



“These two graphs speak for themselves in terms of the dollar volatility, which is keenly felt by our tradeable sector. If the departure of firms such as Fisher and Paykel didn’t ring the warning bells about the future of our exporters, perhaps these continuing deficits will.”

“The number one requirement for exporters is interest rate and exchange rate stability and this requires a change in the application of monetary policy. Next, tax incentives to invest in productive and innovative business, the ones usually involved in exporting, are also needed to help build volume,” says Mr. Walley.

“Our problems have been clear for some time now. The question is how bad will it have to get before we develop the will to make real changes?”