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Leadership and Change

The New Zealand Manufacturers and Exporters Association (NZMEA) have considered the range of policy positions that are critical to the tradeable sector as we approach election. The need for real change is all the more urgent and important as the credit crunch threatens jobs and growth. The solutions to our problems do not sit with the political ideology or the policies of any single party. Bits of policy are present in some and absent in others, but leadership and ideas for change are made all the more conspicuous by their absence.

Regardless of the outcome of the election, there needs to be a commitment from all parties to work together in implementing real change that brings more stability to our tradeable sector (as opposed to clinging to failed paradigms like inflation targeting and the winner picking bias of grant based funding).

It is time New Zealand appreciated that we need to design, make, and sell more to allow us to buy the things we need. Only a resurgent real economy can pull us all out of the hole created by unrestrained speculation in the financial sector.

What is critical to the real economy?

- The use of a broader range of policy tools to control inflation that support trade weighted interest and exchange rates. Consistently lower and more stable interest and exchange rates are necessary to encourage long-term investment in productive exporting businesses.
- A Research and Development (R&D) tax credit to encourage innovation and the development of new products across the real economy.
- A first year write-off for productive plant and patent expenditure to encourage investment in new product development and intellectual property protection.
- Balanced taxation on both capital and revenue accounts.
- Enforcing national product standards to ensure local producers and importers are on a level playing field.
- Mandatory country of origin labelling to give consumers choice and enhance the value of the 'New Zealand' brand.

NZMEA Chief Executive John Walley says, "We will continue to press the needs of the real economy on any government. Policy settings must change to encourage and support long-term investment by manufacturers and exporters."

"The health of our tradeable economy determines our overall economic future. The policy settings that have built trade deficits and encouraged excessive borrowing need to change if we are to anticipate faster sustainable growth in tradeables. There is a risk that the fundamental problems in our economy will never be tackled if they are blamed on things beyond our control such as currency speculation or the global credit crisis."