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Fisher & Paykel's problems are not new

The New Zealand Manufacturers and Exporters Association (NZMEA) say that the problems faced by Fisher and Paykel Appliances have been a long time in the making. While the economic crisis has provided the breaking point, Government policy failures have caused the instability and lack of incentives that have hit the viability of exporters.

NZMEA Chief Executive John Walley says, "We cannot afford to simply attribute F&P Appliance's problems to the global crisis. Poor sales and expensive credit have exacerbated the problem, but this was not what drove the company offshore originally. We need to have a look at why our policies are driving New Zealand exporters offshore."

"A sustained high dollar reaching over 80 US cents ate into margins for exporters. Fisher and Paykel made the prudent decision to move offshore, but ironically, a falling dollar has left them in an overleveraged position."

"The talk of a Government bailout is likely to make Fisher and Paykel seem less attractive to international investors. The Government needs to stick to its knitting and provide a policy framework that allows our exporters to succeed in the long term," says Mr. Walley.

"Only a policy framework that isolates inflation control from the exchange rateⁱ and incentivises productive investmentⁱⁱ will see our export prospects improve. These are the changes we need to see to ensure we come out of the global economic crisis stronger."

ⁱ 'Monetary Policy and Productivity', <http://www.mea.org.nz/document.ashx?id=454>

ⁱⁱ 'Horses for Courses: Fixing the Growth Problem in New Zealand',
<http://www.mea.org.nz/document.ashx?id=453>