

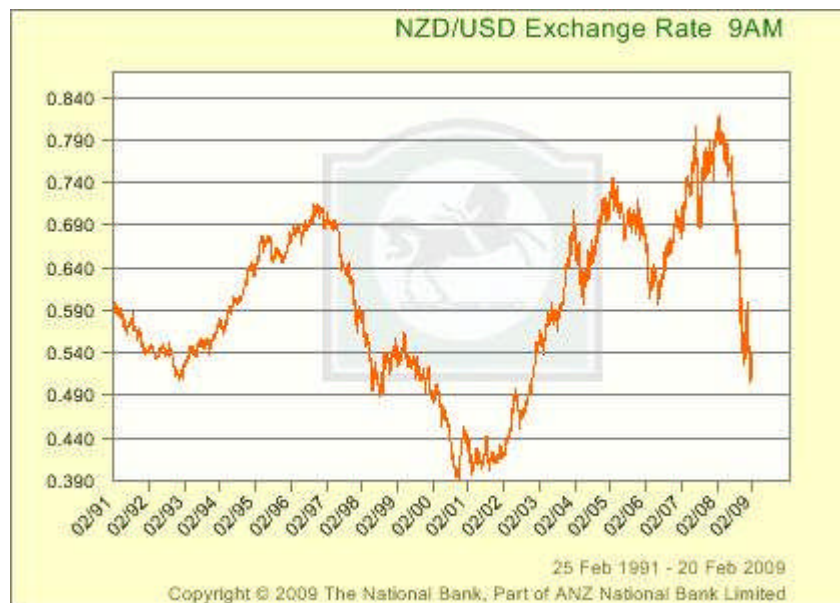
20 February 2009

English defies the evidence on monetary policy

Bill English's response to a Select Committee review of monetary policy released today has ignored the problems faced by our tradeable sector say the New Zealand Manufacturers and Exporters Association (NZMEA). A number of innovative New Zealand exporters have moved offshore in the past few years including Fisher and Paykel Appliances and Dynamic Controls, but his comments simply suggest that nothing can be done.

NZMEA Chief Executive John Walley says, "Bill English's response was much like the report of the Select Committee itself – poorly researched and without any new thinking. The Select Committee found that alternatives were not tenable because they would be costly. Unfortunately, the Select Committee did not do a cost analysis on any of the alternatives, or the huge and very real cost to the real economy caused by the current system."

"Those that have done their research know that New Zealand's currency is the most traded currency in the world normalised to GDP and this has resulted in the dollar swinging wildly between 50 and 80 US cents in less than 7 months! Mr. English talks about the importance of price stability – exporters have none."



"If the Government is serious about productivity targets and minimising job losses, then it needs to focus on creating wealth through exports rather than simply shifting it around," says Mr. Walley. "A more predictable exchange rate is the key to lifting investment in the real economy."