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Budget must focus on the real economy

Further weak export figures reinforce the need for the Government to focus on growth in the real economy say the New Zealand Manufacturers and Exporters Association (NZMEA). While a trade surplus of \$276 million was recorded, merchandise exports for April have dropped 4.6 percent on April last year. Creating a framework that can support export growth needs to be a priority.

NZMEA Chief Executive John Walley says, "While there is not much room for the Government to move in this budget, a 'don't scare the horses' approach will not work in this economic environment. It is very clear that we need to see some fundamental changes in our tax system and simply tinkering around the edges will see our problems repeat themselves."

"The long term trend of negative trade and investment flow balances needs to be addressed by the Government. We have seen the European Union and the United States introduce export subsidies making the situation much more urgent for exporters. If we are to trade our way out of the economic crisis then we need to see policies that encourage more investment in the real economy."

"We should not see the economic crisis as a result of unavoidable international forces. Many of the jobs lost in the manufacturing sector have come from firms already affected by exchange rate fluctuations in previous years."

"The imbalances in the tax system where activity gets taxed over non-productive assets and the extreme currency fluctuations are the issues that need to be addressed. Sprinkling bits of funding around vocal interest groups will do nothing to solve these problems."