



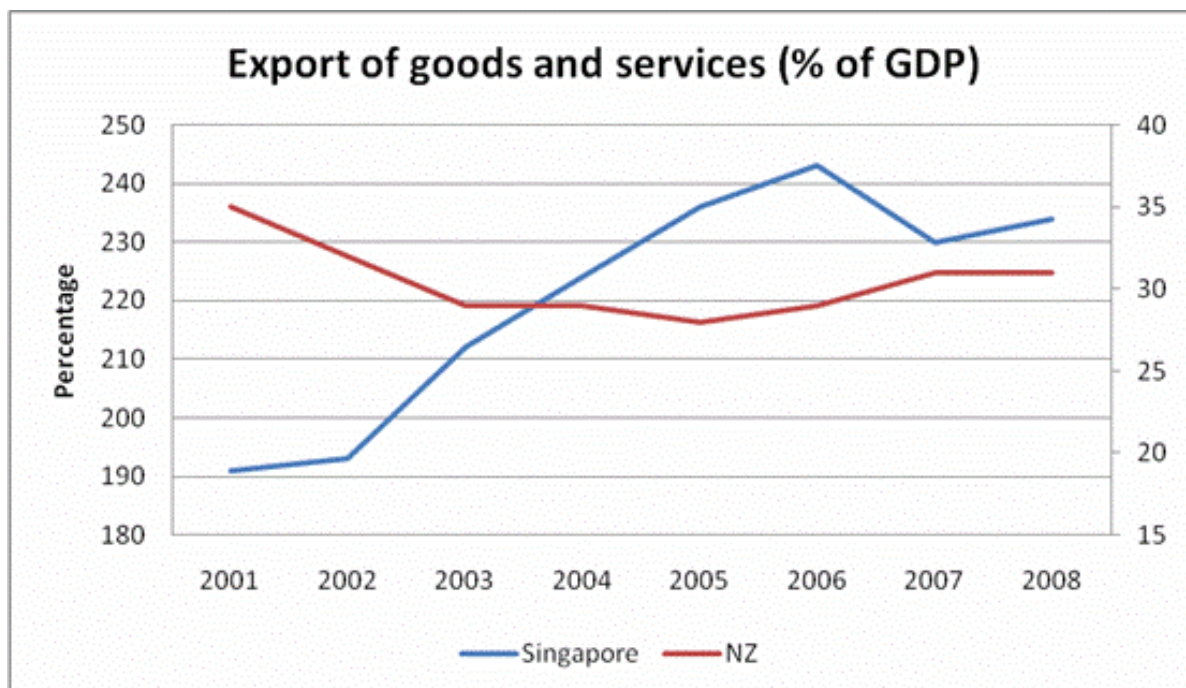
20 November 2009

## Exporters need monetary policy changes

Changes to the monetary policy framework are needed to put an end to wealth transfers from the tradeable sector say the New Zealand Manufacturers and Exporters Association (NZMEA). Other countries with exchange rate stability as the central focus of monetary policy have achieved significantly higher long run economic growth; it is time New Zealand followed their lead.

NZMEA Chief Executive John Walley says, “It is not surprising that when changes to the framework are suggested the recipients of that wealth transfer, the non-traded economy, speak up in opposition. All of us have the same interests in the long run, but short term who wants to give up on a good thing?”

“Phil Goff and Labour are right to point out that the past consensus on monetary policy has not served New Zealand well. We can do better; if the Government is seriously interested in raising productivity, the stability of medium term export returns via a stable exchange rate is the single most important factor.”



“It is clear what a stable exchange rate has done for Singapore’s export growth<sup>1</sup>,” says Mr. Walley. “The same results can be achieved here with the right policy framework.”

“It is worth noting that Singapore has performed better than New Zealand for decades with lower interest rates, lower inflation and a stable currency.”

<sup>1</sup> <http://www.interest.co.nz/ratesblog/index.php/2009/11/20/opinion-what-new-zealand-can-learn-from-singapores-monetary-policy/>

“There is no point complaining about the imbalances in the economy while attempting to crush any ideas that that could fix the problem. This problem goes deeper than any parliamentary term so party politics must be put aside to develop a solution.”

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