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MEActive - February 2011

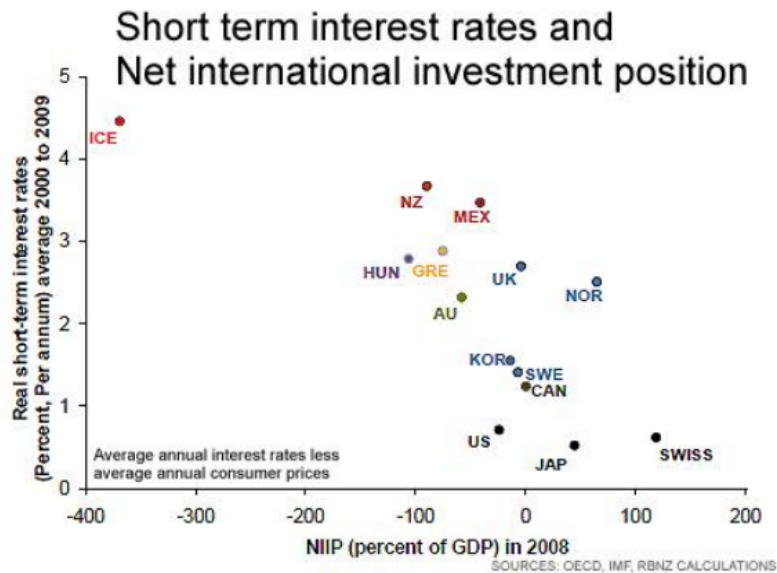
Welcome to the New Zealand Manufacturers and Exporters Association's monthly e-news, giving a series of updates on what we have been working on to make things better for manufacturers and exporters.

- [CEO Comment](#).
- [Media Coverage](#) - Where we have been reported over the past month.
- [Media Releases](#) - Circulated to all media by the NZMEA.
- [Upcoming Events](#).
- [NZMEA Survey of Business Conditions](#).

CEO Comment: Double Dip Worsens Debt Problem.

Employment numbers indicating a negative trend in the December quarter suggest that GDP figures will show New Zealand experienced another recession at the end of last year, a double-dip if you like. This has serious implications for our international debt position as foreign lenders may get edgy about further lending if they see our incomes dropping away. Neville Bennett pointed out in an article for interest.co.nz that, "About 60% of debt is bank borrowing, and it has relatively short term maturity."

This means even short-term economic problems could affect our ability to roll over that debt. The graph Bennett used below shows that New Zealand already pays some of the highest interest rates for its debt in the world.



A debt position similar to Iceland and Greece requires decisive action, but at the moment there seems to be a 'more of the same' message coming from Government. Measures to trim Government borrowing will be helpful, but in the end it is New Zealand's capacity to earn that will pull us out of the debt rut.

There seems to be an assumption that high commodity prices will see our economy just fix itself with no real need for more effort or change. However, we do need to spark more investment and capacity expansion across our entire export sector; that is manufacturing, agriculture, services and tourism. It is worth noting that manufacturing contributes about the same to GDP as agriculture and tourism combined. We will not get rich exporting raw materials; higher process will not accommodate natural supply limits for ever.

The currency stability is the key issue to increasing growth. The Government may be concerned that servicing the current high debt levels will become harder if the NZD drops away but more seriously, we are in a bind if there continues to be little investment in export expansion.

Maintaining the existing monetary policy framework that overvalues the exchange rate is a recipe for a low export, low wage and high unemployment economy. Until this policy nettle is grasped, talk of rebalancing and recovery will be just that, talk.

Media Coverage

Where the NZMEA was reported during January.

3 January	NZ Manufacturer	Comments on Manufacturing in 2010. <i>Magazine</i> .
26 January	YahooXtra	Responses to Partial Asset Sale Proposal. <i>Internet</i> .
26 January	3news.co.nz	Reaction to Partial Sale of Assets Proposal. <i>Internet</i> .
26 January	Voxy.co.nz	Responses to Partial State Asset Sale Proposal. <i>Internet</i> .
27 January	CTV	Comments on Housing Affordability and the OCR

		Announcement. <i>TV</i> .
27 January	CTV	Comments on the State of the Nation Speeches from John Key and Phil Goff. <i>TV</i> .

Media Releases

Media releases submitted by the NZMEA during January. [Click here](#) to read the latest media releases.

25 January	Goff's 'State of the Nation' Speech Shows Some Progress.
25 January	Focus on Savings and Investment Good but Dollar and Tax Can't Be Ignored.

Upcoming Events

[Click here](#) for information and to register for our upcoming events.

24 February	Forum: Legally Using Open Source Software - Christchurch.
2 March	Workshop - Managing a 5S System in a Competitive Manufacturing Organisation - Auckland.
3 March	Forum: Credit Management Health Check - Auckland.
4 March	Forum: Employment Medical Testing - Christchurch.
8 March	Forum: Revisiting Your Business Fundamentals - Auckland.
8 March	Workshop: Telephone Selling - Christchurch.
9 March	Forum: Employment Relations Act 2000 Amendments - Christchurch.
15 March	Forum: Drug and Alcohol Policies in the Workplace - Auckland.
22 March	Forum: Drug and Alcohol Policies in the Workplace - Christchurch.
23 March	Forum: New Employment Law Changes - Auckland.
23 March	Workshop: HSNO Approved Handler Training - Christchurch.
25 March	NZMEA Tour: Site Visit to Pacifica Shipping Vessel the "Spirit of Resolution" - Auckland.

Certificates of Origin: Contact the NZMEA if you need a Certificate of Origin. We are now also authorised issuers under the China and ASEAN Free Trade Agreements.