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Real economy continues to slow

Statistics out this week showing that exports have dropped \$383 million and the manufacturing sector has declined 7.2 percent demonstrate that little if any economic rebalancing has occurred say the New Zealand Manufacturers and Exporters Association (NZMEA). An overpriced New Zealand dollar and incentives to invest in the domestic economy continue to thwart export growth.

NZMEA Chief Executive John Walley says, "The most concerning thing about these numbers is that the overwhelming message we have been receiving from people involved in the tradeable sector is that things have declined further since March. We anticipate the numbers for the second quarter will be worse."

"A recovery seems fairly distant when the high dollar makes our exporters less competitive and demand remains weak."

"Our policy makers seem to be promoting the attitude that this is an international problem, but the focus needs to shift to material local policy changes that will support the competitive position of our exporters."

"International markets are clearly a major problem, but we must focus on the things we can control. We need to encourage investment in the tradeable sector through lower and more broadly based taxation, investment incentives in the real economy and monetary policy measures to control credit volumes. We need to change to the shape of our economy."