



Rising dollar dulls export edge

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CAR components maker Schefenacker Vision Systems has seen its competitive edge wiped out as the Australian dollar rose US20c in the past five years.

Adelaide-based Schefenacker supplies rear-view mirrors to the Ford F-Series pick-up truck factory in Kentucky, Ford Focus in Michigan and Mitsubishi Gallant in Illinois.

But a rising Australian dollar makes its products more expensive in the US.

Managing director Alf Ianniello said the rising dollar did not put export contracts at risk, but it was damaging Australia's "low-cost" reputation among US and European customers.

"Five years ago we were in the low US60c ... our competitive position in relation to US-based competitors has gone over the past two years," he said.

Mr Ianniello said the Australian dollar's rise to US80c meant

"key purchasing people in other markets won't see Australia as a low-cost place to do business".

For Schefenacker logistics manager Tony Gilbert the rising dollar was like the weather — important but a fact of life.

"It is an external pressure that is beyond our control, so we have to deal with it and compete in other ways," said Mr Gilbert.

He said export contracts would be retained by concentrating on engineering innovation, product quality and logistics improvements.

Schefenacker exports 80 per cent of its products, by value, shipping products from Adelaide to US customers in six weeks.

A spokesman said its export focus had led to no large-scale redundancies in the past three years from its workforce of 700.

Auto industry analyst Kim Rennick said the rising dollar should not scare away components makers from exporting. "It is the key to success to any firm working in the local industry — it

will ensure their long-term future," he said.

Austrade chief economist Tim Harcourt said the rising exchange rate affected the decision of 20 per cent of Australian exporters to seek further overseas business.

"Since the the Aussie dollar was floated over two decades ago, exporters have got used to fluctuations in exchange rates as part and parcel of doing business offshore," said Mr Harcourt.

He said exporters' key consideration was global economic demand — particularly in the Asia-Pacific.

While exporters will feel the pinch of a US80c dollar, Macquarie Bank senior economist Brian Redican said Australian drivers would see petrol prices fall by several cents a litre. But the higher exchange rate would have to remain until the year's end for it to influence the cost of fridges, clothing or furniture.





Fact of life: Schefenacker's Tony Gilbert examines a car part for export, which the rising dollar will make less competitive

Picture: James Knowler