

Voluntary Report - public distribution

Date: 10/4/2000 GAIN Report #NZ0054

New Zealand

Solid Wood Products

Wood Supply Update

2000

Approved by: David Young U.S. Embassy Prepared by: Rachel Monk

Report Highlights: Recently released Ministry of Agriculture and Forestry forecasts show New Zealand's potential sustainable supply of wood could increase from the current harvest of 18.4 million m3 (March year 2000), to a little over 28 million m3 by 2003 and further increase to 30 million m3 by 2006.

Includes PSD changes: No Includes Trade Matrix: No Unscheduled Report Wellington [NZ1], NZ The New Zealand Ministry of Agriculture and Forestry (MAF) have recently published new wood supply forecasts for the next twenty years. The latest results show that potential sustainable wood supply is able to increase from the current harvest of 18.4 million m3 (March 2000 year) to around 28.6 million m3 by 2003 and further increase to around 30 million m3 by 2006. This increase assumes an average rotation length of 28 years for radiata pine.

In the year ended March 2000, New Zealand's total mix of forest products exports were produced from 12.1 million m3 of wood. With domestic demand relatively static the potential increase of up to 12 million cubic meters by 2006 would double the quantity of forestry exports New Zealand could produce. Based on the forest estate currently planted, New Zealand's long-run annual sustainable harvest should reach about 35 million cubic meters by 2020.

The volume of pruned logs is forecast to increase three-fold from 1.5 million m3 in 2000 to around 5 million m3 in 2006 assuming an average clear fell age of 28 years for radiata pine. Radiata pine makes up between 92 to 95 percent of the forecast wood supply over the forecast horizon.

The MAF forecasts were developed using models with the objective of maximizing future volume harvested, subject to certain constraints. Six scenarios are used to show the outcome of a range of options on the long-term, sustainable supply of wood. These are outlined in the following table:

Scenario	Target clear fell age for radiata pine (years)	Area of national new planting (ha/year)	
base cut	28	0	
early cut	25	0	
late cut	35	0	
plant 20,000 ha/year	28	20,000	
plant 40,000 ha/year	28	40,000	
plant 60,000 ha/year	28	60,000	

Year	Base Cut	Early Cut	Late Cut	Plant 20,000 ha/yr	Plant 40,000 ha/yr	Plant 60,000 ha/yr
2000	18.4	18.4	18.4	18.4	18.4	18.4
2001	19.9	21.0	19.9	19.9	19.9	19.9
2002	25.2	31.0	20.2	25.4	25.4	25.4
2003	28.6	30.9	20.5	28.6	28.6	28.6
2004	28.8	30.9	20.5	28.7	28.7	28.7
2005	28.8	31.0	20.9	28.8	28.8	28.8
2006-10	30.8	31.8	24.4	30.8	30.8	30.8
2011-15	31.0	32.2	30.2	31.2	31.3	31.4
2016-20	33.1	33.2	32.3	33.4	33.7	34.0
2021-25	34.4	33.4	33.6	38.0	38.9	39.8

New Zealand Wood Supply Forecasts (Average Annual Recoverable Volumes Million Cubic Metres/Year)

Source: New Zealand Ministry of Agriculture and Forestry

The early and late cut scenarios provide estimates of upper and lower bounds within which the future level of harvest is expected to fall. According to MAF the current outlook suggests that the future harvest from New Zealand's planted forests is likely to fall between the base cut and late cut scenarios in the short to medium term. Market demand, labour and capital capacity constraints may make it difficult to lift the level of harvest as quickly as the early or base cut scenarios indicate is possible.

While there have been major structural changes in the ownership of planted forests during the 1990's, the primary reason for the increase in forecast harvest is due to the significant areas of forests planted from the early 1970s to the mid-1980s reaching harvestable age. During the 15-year period 1971 to 1986 an average 45,000 hectares of new forest was established each year. The plant 40,000 ha/year scenario in the above table is the currently accepted best estimate of future new planting. The other two new planting scenarios provide likely estimates of lower and upper bounds.

The large increase in wood supply available raises issues such as the need to develop new export markets, the effect on infrastructure, labour shortages and the need for more capital investment.

For more information regarding New Zealand forestry and some of the above issues refer to NZ0049.