# Annual forestry production and trade in New Zealand for the year ended March 2008

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## Overview

For the year ended March 2008 sawn timber and pulp production increased 0.9 percent and 1.1 percent respectively. Panel and paper production decreased 12 percent and 0.1 percent respectively over the same period.

Domestic consumption of sawn timber increased in the year ended March 2008. One of the contributing factors to this increase was a rise in the value of building work (in real terms), compared with the previous year. Export conditions during this period were unfavourable, due to high shipping rates, depressed trading conditions in the North American market and the strong New Zealand dollar. These conditions impacted on competitiveness and led to a reduction in sawn timber exports.

Both pulp production and exports rose for the March year. It is possible that international demand for market pulp[1] increased, as the availability of wood chips utilised in pulp production declined from North American sawmills. Veneer, particleboard, plywood and fibreboard production were down on the year ended March 2007.

## Sawn timber

Total sawn timber production for the year ended March 2008 was 4.3 million cubic metres, up 0.9 percent following a 1.6 percent increase in the previous March year.

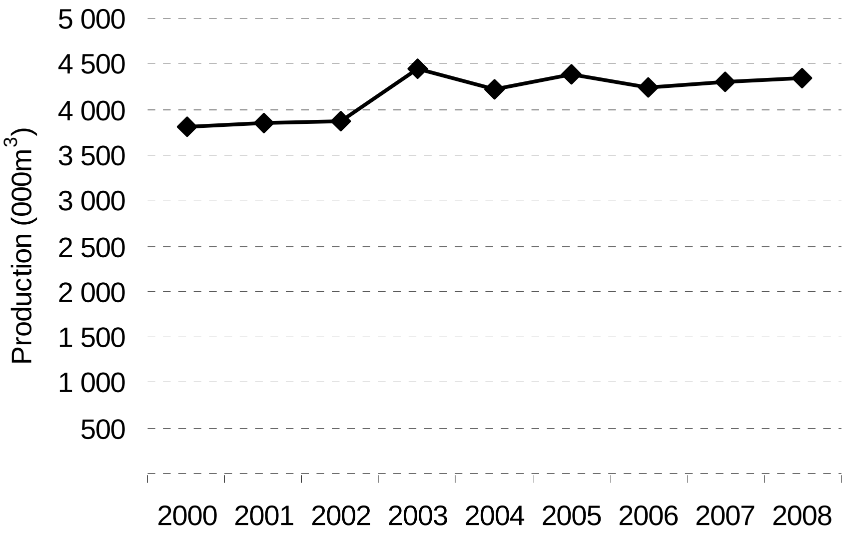
Domestic consumption of sawn timber increased by an estimated 8 percent in the March 2008 year. The increase was driven by the higher value of building work put in place for the year ended March 2008 when compared with the March 2007 year. On a per capita basis, New Zealanders used an average of 0.615 cubic metres of sawn timber in the March 2008 year for construction and other purposes.

Sawn timber exports were down 7.8 percent, to 1.8 million cubic metres for the year ended March 2008. The fall in exports stems principally from the strong New Zealand dollar, the decline in new housing in North America and high shipping rates. The fall in sawn timber exports partly offset the increase in domestic consumption.

While sawn timber production grew at the national level in the March 2008 year, the regional pattern was more mixed. Increases in sawn timber production occurred in the Northland, Auckland, East Coast/Hawkes Bay, Nelson/Marlborough and Canterbury wood supply regions. Declines in production were experienced in the Central North Island, southern North Island, West Coast and Otago/Southland wood supply regions. A number of factors have influenced the regional trends in production. These include the degree of dependence on the domestic or international market, recent investment patterns and the availability of timber supplies.

[1] Pulp sold on the open market between non-affiliated companies.

Figure 1: New Zealand sawn timber production, 2000–2008



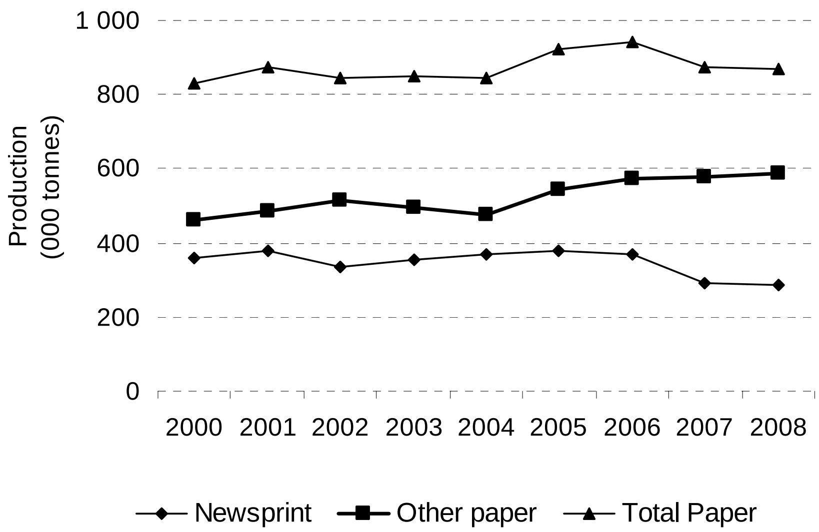

## Pulp and paper

Total paper production for the year ended March 2008 was 871 000 tonnes, down 0.1 percent on 2007. Since 2000 there was a shift in production type, with newsprint declining 21 percent. This was more than offset by a 28 percent increase in other paper and paperboard production over this period.

Newsprint production declined in 2006 when a major newsprint mill was upgraded. The modernisation programme saw two of the three paper mills at the site refurbished, with the third being taken out of production.

Since the mill upgrade in 2006, there has been little change in newsprint production. In the March 2008 year, newsprint production was down 2.2 percent to 286 000 tonnes. There was also little change in the production of other types of paper and paperboard, which increased 0.9 percent to 585 000 tonnes on 2007.

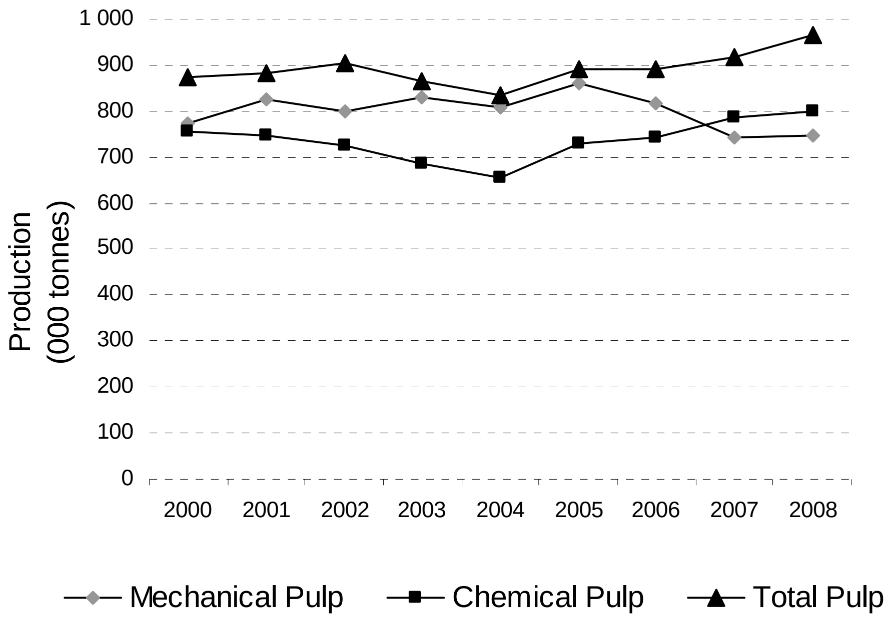
Figure 2: New Zealand paper production, 2000–2008



Total pulp production rose 1.1 percent to 1.55 million air dry tonnes over the March 2008 year. The production of mechanical pulp was relatively static, rising by 0.2 percent to 745 000 air dry tonnes over the same period. However, wood pulp imports increased by 774 percent to 32 000 air dry tonnes. Total chemical pulp rose 2.1 percent on March 2007 to 801 000 air dry tonnes. Domestic consumption of total wood pulp fell 2.4 percent to 168 kilos per capita.

Total market pulp production increased 5.1 percent on 2007 to 964 000 air dry tonnes. There has been an upward trend of market pulp production since monitoring started in 1988, with record production in 2008. Declining sawn timber production in North America in 2007 and 2008 has led to a relative shortage of residual woodchips for the pulp industry, potentially impacting on increased demand for New Zealand market pulp.

Figure 3: New Zealand pulp production, 2000–2008




# Panels

The volume of all panel products produced fell for the year ended March 2008. Veneer production had the most significant movement, falling by 26 percent to 513 000 cubic metres. In contrast, plywood production only fell by 0.8 percent to 175 000 cubic metres. Imports of plywood and fibreboard increased significantly for the March 2008 year. This increase in imports is most likely due to the strong New Zealand dollar and a reported surplus of cheap panel products currently on the international market, making importing panel products cheaper than sourcing them domestically.

Figure 4: New Zealand panel production, 2000–2008

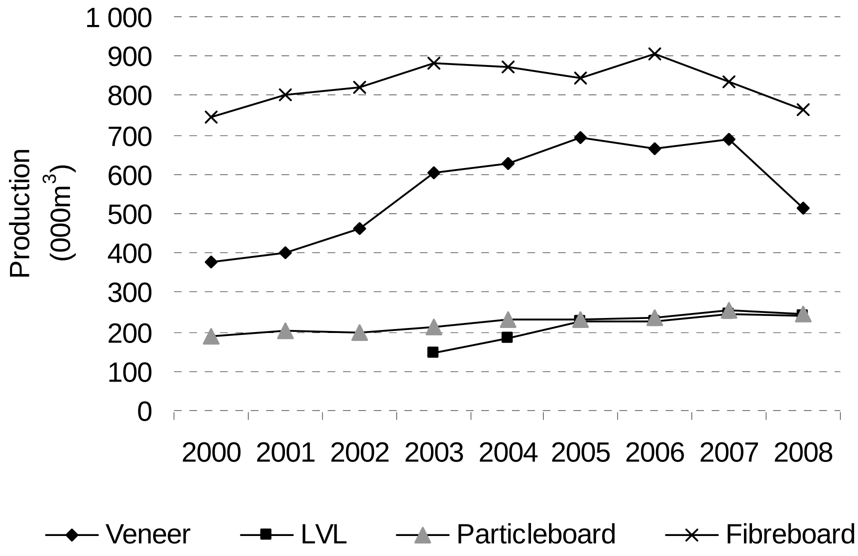



Table 1: Production volumes for the year ended March 2008

| Product | Year ending 31st March 2008 | Year ending 31st March 2007 | Change on year ending 31st March 2007 (%) |
|---|---|---|---|
| Sawn timber (000m$^3$) | 4 340 | 4 301 | 0.9 |
| Pulp (000 tonnes) | 1 546 | 1 529 | 1.1 |
| Paper & paperboard (000 tonnes) | 871 | 872 | –0.1 |
| Fibreboard (000m$^3$) | 765 | 837 | –8.6 |
| Veneer (000m$^3$) | 513 | 688 | –25.5 |
| LVL (000m$^3$) | 241 | 245 | –1.7 |
| Plywood (000m$^3$) | 175 | 177 | –0.8 |
| Particleboard (000m$^3$) | 245 | 256 | –4.3 |

Table 2: Consumption of wood products per capita

| Product | Year ending 31st March 2008 | Year ending 31st March 2007 | Change on year ending 31st March 2007 (%) | Change on year ending 31st March 2007 (5-year moving average) (%) |
|---|---|---|---|---|
| Sawn timber ($m^3$) | 0.615 | 0.575 | 7.0 | –1.6 |
| Pulp (kg) | 168 | 172 | –2.4 | –2.3 |
| Paper & paperboard (kg) | .. | .. | .. | .. |
| Fibreboard ($m^3$) | 0.048 | 0.046 | 4.0 | –1.9 |
| Plywood including LVL($m^3$) | 0.088 | 0.089 | –0.9 | 8.4 |
| Particleboard ($m^3$) | 0.031 | 0.035 | –12.1 | 0.8 |

Symbol

.. Not available.