



RECENT EVENTS



Industry must work together – Tradenz

The Trade Development Board (Tradenz) published their strategic overview and corporate plan in September. In it Tradenz set out a series of recommendations for an export strategy with two principal goals:

- to substantially increase the value of exports per head of population;
- to diversify the range of exports.

Tradenz Chief Executive Rick Christie says that most of the work needs to be done not in our overseas markets, but at home, in establishing the infrastructure required for export success. Tradenz have identified a number of priorities.

Industry Scale

The paper points out that many of our export companies lack scale. Their desire is to see the expansion of existing companies in key industries and related sectors. However, in today's environment the finance required for growth is lacking, and it will take a long time to acquire it. The options suggested include mergers, acquiring new shareholders or seeking overseas investment.

Strategic Alliances with Industry

Considerable investment is required for export growth and Tradenz suggests strategic alliances with overseas partners as a means of acquiring capital, new skills and technology, and improved access to markets.

The importance of partnerships, both at home and abroad, is stressed throughout the strategy document, reviving the New Zealand Inc. concept. It is interesting to note that this strategy is also promoted by the Forest Industries Council, and has been picked up on by the Ministry of Forestry who use the phrase "flying in formation". New Zealand is a small player in the world economy. One way in which New Zealand can overcome its isolation, its lack of critical mass, and representation in, and familiarity with overseas markets, is for exporters to work together.

Linkages between Government and Industry

It suggests new linkages between Government and industry, pointing out that old ties based on interventionist policies and the lobbying processes have not yet been replaced in ways more appropriate to the new environment.

Closer Links between Exporters and Service Industries

The document calls for closer links between sector groups, educational institutions and Crown Research Institutes. They also perceive a need for the formation of more "clusters" of like-minded companies, as has happened within our own forestry industry in Rotorua.

Mr Christie is quoted as saying there is a need for companies within sectors to combine resources, share non-competitive information, and work together on certain aspects of business development, including a specialised infrastructure and generic market development programmes. Radiata pine is an obvious example of a generic product.

Tradenz acknowledges the difficulty in persuading competitors to work together, but says: "In each industry, the

most appropriate balance between competition and cooperation will need to be struck and exporters will need to agree on common objectives."

Business Development Priorities

The plan outlines a number of business development priorities, including:

- upgrading skills;
- investing in innovation;
- investing in new technology;
- investing in quality systems, and;
- employing more senior management people with marketing or technical backgrounds (yet another acknowledgement that the technocrats should replace the accountants and lawyers as New Zealand's social elite, in line with the more successful economies like Japan and Germany).

Chris Perley

National Park proposal

The Department of Conservation is investigating a proposal to create a National Park in the north-west of the South Island. The investigation area comprises some 500,000 hectares of land managed by the Department between the Buller River and Farewell Spit. The land under investigation comprises the Northwest Nelson Forest Park, conservation land and a number of reserves.

The investigation area is one of the largest unfragmented and virtually unmodified natural areas remaining in New Zealand.

The area has a diverse geology containing some of the earliest evidence of volcanism and fossil formations in New Zealand. The natural landform has been extensively modified by earthquake activity which has created many lakes and slip scars.

The area is known internationally for its limestone areas and cave systems. These include the deepest (889m) and the longest (36 kilometres) caves in the country, and the spectacular Oparara Arches.

The investigation area has a great diversity of native grasslands and forests. The alpine grasslands are characterised by the red tussock and the

snow tussock (*Chionochloa*) species. The upland forests are dominated by an extensive mosaic of red, silver and mountain beech (*Nothofagus* species) forests. The lowland forests occur mainly in the west of the investigation area and contain a diversity of species. Some areas contain only podocarps and hardwoods and others contain a beech component. The podocarp species include rimu, miro, kahikatea and matai. On the western coast a narrow strip of coastal forest containing nikau palms and karaka, supplejack and kiekie gives this coastline its distinctive character.

The area is an important stronghold for native fish and birds. These include threatened bird species such as the great spotted kiwi; and wide-ranging birds such as the South Island kaka. Farewell Spit is also internationally recognised for its seabirds. Migratory wading birds from the Arctic, such as the godwit, are seasonal visitors to this area.

The area contains some distinctive native invertebrates. Some of the cave-dwelling species have developed specialised features for survival in their habitats. The area is also important for its large population of the endemic carni-

vorous *powelliphanta* land snails. Almost half of the almost 40 known forms of these snails are confined to this area. Unfortunately the populations have declined because of predation by rats, pigs and possums and loss of some habitat through the logging of forests and their replacement by pines or pasture.

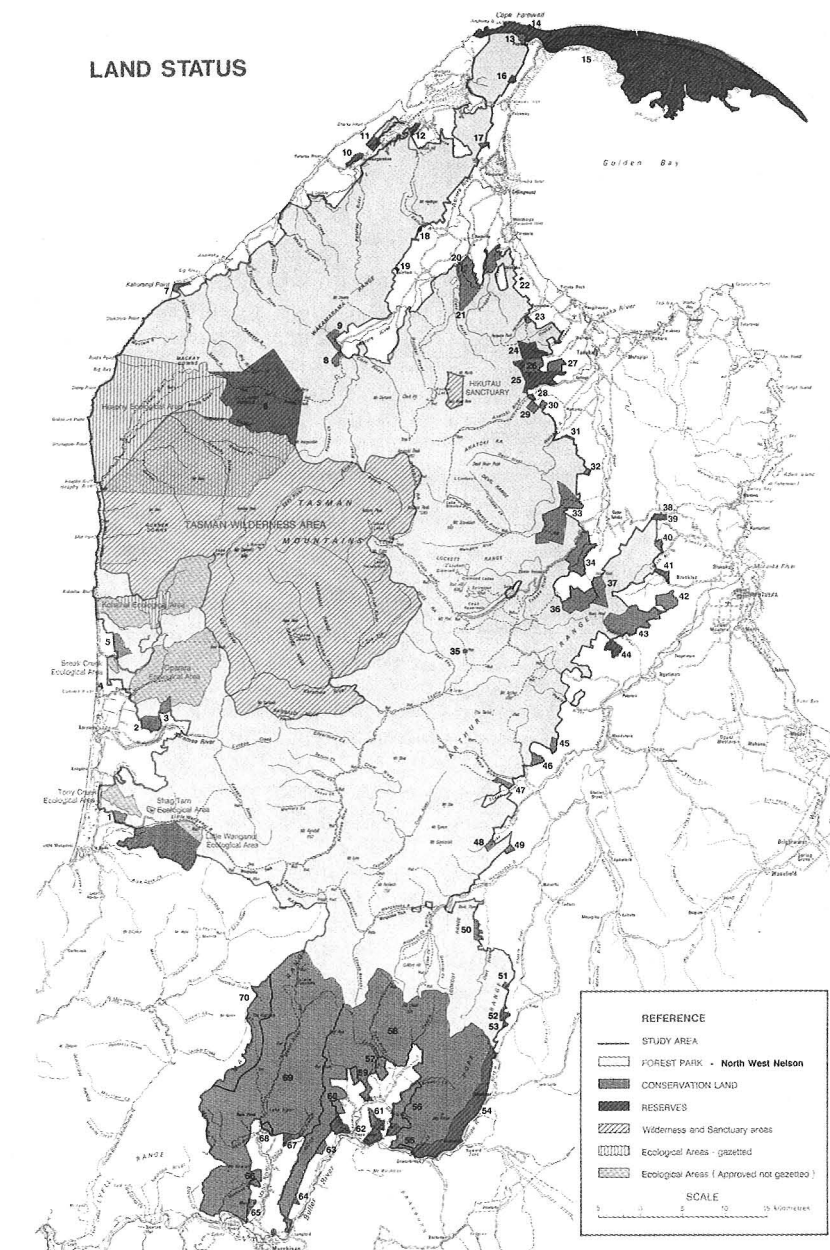
Recreational Values

The north-west has very high recreational values and levels of use have been increasing steadily over the last ten years. The area contains extensive hut and track systems along with opportunities for canoeing, rafting, hunting, trout fishing and of course world-class caving. Farewell Spit and the Heaphy and Wangapeka tracks are among the most well known and used tramping and tourist attractions in the area.

Historically the area was used by Maori at least 700-800 years ago. The pattern of Maori settlement was predominantly coastal, with occupation sites clustered around the larger rivermouths and estuaries which provided both shelter and abundant food resources. The more rugged inland areas were used for seasonal food gathering and contained the regularly travelled routes between the Nelson Bays and the West Coast. Kahurangi Point remains today the boundary between the iwi in the north and Ngai Tahu in the south. The early European history of the area was based on the exploitation of its natural resources. These included the extraction of coal and gold. Many of the present recreational tracks were first developed by goldminers and graziers.

Richly Endowed

In the past the main commercial uses of the north-west have been mineral extraction and forestry. The whole investigation area is regarded as favourable for prospecting because of the complex mineralogy and the older geological formations. The area is one of the most richly endowed with mineral resources in New Zealand, ranking with the Coromandel Peninsula and Fiordland. Commercial interest in the wide variety of minerals present and the level of prospecting have fluctuated according to economic demands, or prices and technology. A large part of the area, the Tasman Wilderness Area, has already been effectively excluded from mining. The wilderness area has a status which for all practical purposes is similar to that of a national park. Prospecting over proposed and gazetted ecological areas is also severely restricted. Alluvial gold occurs widely in gravels in the drainage



catchments throughout the north-west and has been mined in these areas since the middle of last century. Hobby mining (gold panning) is a popular recreational pastime throughout the area. Hard rock deposits of gold and silver also occur widely. However mining of these deposits has not generally been successful in the past. Other minerals of commercial interest include: limestone and marble, dolomite, molybdenum, lead, zinc and asbestos. There is likely to be substantial interest from the mining industry on the national park proposal. Commercial miners are likely to perceive that national park status would make the prospecting and developing of any future commercial mineral discovery more difficult for their industry.

Most of the investigation area is steep mountainland, clothed in native beech

forests which the New Zealand Forest Service never considered suitable for production forestry. Most of the suitable native forest in the Nelson part of the investigation area was completely logged by about 1976. However on the western side of the investigation area (around Karamea) considerable areas of lowland forest remain in places such as the Oparara catchment. About 11,300 hectares of lowland forest is present, of which over half is low-quality beech and podocarps on mudstones. This area was subject to the 1986 West Coast Forestry Accord (Blakeley Accord) which followed agreement between the Government, the timber industry, conservation groups and the West Coast United Council on the future use of native forests on the West Coast. The Accord recognised a social need for continued

timber production from some of these forests. In 1987, when the Department of Conservation was formed, several timber production areas were removed from the state forest park to provide a resource for the timber industry. A small area of exotic afforestation within the Oparara basin lies within the forest park, but Timberlands retains the cutting rights to these trees. Since the Accord was signed the Ministry of Forestry in 1988 carried out an inventory of some potentially commercial areas within the investigation area. They concluded that only very limited areas had any economic viability. The pattern is therefore typically that of small scattered areas of merchantable forest made uneconomic by location and the difficult terrain. Other areas cannot be harvested because water and soil conservation values overrode their commercial use.

The Big Bush long-term hydrological monitoring site is not within the area under investigation for the proposed national park. Two blocks of pines in Donald Creek (of about 20 ha and 10 ha) are being monitored for catchment runoff. They are being compared with two blocks of beech forest which were logged using different methods. Each catchment has a weir with runoff data recorded automatically. The research is managed by Landcare Research New Zealand Ltd. The land and the pines are the responsibility of the Department of Conservation who are currently looking at leasing out the management of the pine blocks.

Mike Cuddihy

Canterbury snow damage

The two large snowstorms affecting Canterbury during the 1992 winter didn't just cause stock losses. There were large areas of forest damaged. Similarities with the 1983 and 1984 Otago/Southland snow damage are evident (see letter by Dennys Guild), with damage occurring on north-east lee slopes where snow drifts occur.

Three major forest owners are affected: Carter Holt Harvey in North Canterbury, the Selwyn Plantation Board, and the Forestry Corporation owned forests of South Canterbury. Ministry of Forestry Christchurch state that extensive areas of private blocks have also been damaged.

The extent of the damage in Canterbury has not yet been quantified. In contrast to the 1980's storms, Otago and Southland growers were not significantly affected.

Market Report – September 1992

Chris Brown

General Situation

The recovery of the New Zealand economy remains centred on the export sector. In the year to June 1992 export receipts increased to \$NZ17.9 billion – a record for any June year. The domestic economy, however, remains weak with any growth likely to be fragile. Domestic indicators are giving mixed signals about the strength and direction of domestic growth. Inflation, presently running at around 1 per cent, appears to be well under control with the NZIER predicting an average inflation rate for the next five years of 1.7 per cent. Interest rates are continuing to decline (notwithstanding aberrations caused by the recent upheavals in the European monetary system) in line with inflation, and assisted by the growing perception of a more fundamentally sound New Zealand economy.

Indications from the consumption sector are less favourable. Housing starts continue to plateau at very low levels, with no real indication of the trend direction for the immediate future. Retail sales weakened in the June quarter after recording three consecutive quarterly improvements. A lower valued New Zealand dollar continues to favour exporters and is a primary force behind Ministry of Forestry forecasts of forest products export earnings exceeding \$NZ2 billion in the year to March 1993 – a nominal increase of 16.7 per cent on the preceding March year. The total value of forestry products exports for the June 1992 year was \$NZ1817 million – an increase of \$NZ240 million on the previous year. Australia remained New Zealand's most important export market, taking 35 per cent of forestry exports by value, while Japan's market share of exports declined 2.9 percentage points on the preceding June year to 26 per cent, although total value of exports to Japan increased by \$NZ3 million in nominal terms. Korea (10.8 per cent) and Taiwan (6.2 per cent) were the third and fourth largest forest products export markets.

Roundwood removals for the year ended June 1992 were provisionally estimated at 14,555,000 cubic metres, a 5.9 per cent increase on the previous June year. Total roundwood removals for 1992 as a whole are expected to remain relatively static, due to reduced harvest levels in the Bay of Plenty forests in

response to the NZFP strike. New planting figures for the 1992 winter planting season are, however, expected to make a strong resurgence. New planting, estimated at 13,000 hectares in 1991, is estimated by the Ministry of Forestry to top 40,000 hectares in 1992 based on surveys of nursery sales.

Log exports for the June 1992 quarter were 1,130,000 m³ – the first time New Zealand log exports have exceeded 1 million m³ in a single quarter. The June figure is likely to have been inflated by a transfer of some of the March 1992 quarter shipments, recorded at 780,000, which appears excessively low.

Sawn timber exports recorded a strong increase in the year to June 1992. Shipments totalling more than 850,000 m³ were reported – an increase of 25 per cent in volume and 33 per cent in value on the June 1991 year. New Zealand sawmillers made marked gains in their share of the Australian market as a result of increased price competitiveness and log supply constraints applying to North American sawn timber competitors. A price war in Australia saw prices in that country fall by as much as 30 per cent, forcing Canadian Douglas fir exporters out of the market and actually enabling New Zealand exporters to increase their market share.

East Coast Forestry Project

The July 1992 Budget announced the inception of a Government forestry planting scheme on the East Coast region. The project aims to establish 200,000 hectares of commercially productive forest on erosion prone land in the East Coast region over the next 28 years. Tenders for first year planting grants under the scheme expired on October 30, 1992.

ITTO Membership

New Zealand became an official member of the International Tropical Timber Organisation in August 1992. Membership will allow New Zealand to play a more direct role in the Organisation's goal of having all trade in tropical timbers based on sustainable forestry by the year 2000.

Forests Amendment Bill

The Forests Amendment Bill, which aims to promote sustainable management of New Zealand's natural forests,