to such a success?

Leadership which encouraged and got the best from, and gave identity to, a team. Leadership which recognised no obstacle as too difficult, never doubted success but knew the consequences of failure. John Handiside's leadership. More than any other individual, he held the key to success.

Technical and scientific support which knew the territory, understood the risks of a pusillanimous response, mined its international mana, and moved its commitment to A1 on the priority list. Led on the ground by Forest Research but strongly supported by a science team from other CRIs, research organisations, and medical specialists, they took ownership and worked by consensus.

An operational team which hit the ground running on day one and never stopped. A skilled integrated group of forest health professionals familiar with insect and disease survey, the logistics of field operations, and the demands of a biologically driven response. Communicators without which the initiative would surely have foundered in its first season.

Public support was based on openness and responsiveness at a community and individual level. It involved working with the media, providing medical and biological information, information on legal restrictions, community meetings, web sites, and 0800 numbers. Let's not beat around the bush: it involved selling the programme. No sale, no programme.

Policy folk oiled the wheels above, secured the resources, worked through the legislative requirements of the RMA, Civil Aviation Act, Biosecurity Act, and all in time to allow the best possible response on the ground.

There were also the contractors, the flyers, the ground spray teams, the trap inspectors, typified by the truck driver who always arrived at the flying base an hour early "just so there was no holdup if the weather was right".

And there were the people of the Eastern Suburbs whose overwhelming support and willingness to put up with sticky Btk, vegetation movement restrictions, and invasion of their properties, to the benefit of greater New Zealand, made it all possible.

If this is beginning to sound a little like a eulogy it's no accident. It's a belated thank you to a dedicated team of people, who despite the personal cost, put in two years doing what the forestry sector expected of them, and doing it successfully. It's a thank you to John Handiside's Team. The question is, given the need, could we emulate such a performance tomorrow?

**Gordon Hosking**

# The Asian Crisis and After

Since its onset last year, the Asian crisis has affected us all one way or another, manifesting itself in falling currency values, reduced international trade, lowered economic growth and redundancies. The New Zealand forestry sector has been affected the most.

The reasons are not hard to find. Wood products are New Zealand's largest export to Asia. Three-quarters of New Zealand's wood products go to Asia. Japan and Korea take approximately 80% of this. In trade terms New Zealand is thus heavily exposed to the Asian market.

Other factors also come into play. Letters of credit could not be obtained from South Korea and orders were either cancelled or reduced. In comparison the United States Department of Agriculture is offering South Korea US$1 billion in GSM-102 export credit guarantees for the 1998 fiscal year which underwrites credit extended to Korean banks. This scheme allows the US to export to credit-risky South Korea. Furthermore, unlike other sectors, the forestry sector has not been able to redirect trade to countries outside of Asia to the same extent.

The degree to which forestry has been affected compared with the way in which a number of other exports have been affected is shown in Table 1. Exports of dairy products and meat have increased from the end of June, 1997 while exports of wood, fish, wool and leather type goods have dropped. The exception for forest products is wood pulp which as not changed. In percentage terms, wood and wood products and hide exports have fallen the most. However, in absolute dollars the wood sector has been hurt the most.

**TABLE 1. Percentage change in New Zealand's export earnings for the year ended June, 1998 for various products.**

| **Product** | **% change** |
|---|---|
| Casein and Caseinates | 14.5 |
| Milk Powder, Butter and Cheese | 5.7 |
| Meat and Edible Offal | 4.8 |
| **Wood Pulp** | – 0.7 |
| Wool | – 4.6 |
| Fish, Crustaceans and Molluscs | – 4.8 |
| **Wood and Wood Products** | –13.4 |
| Raw Hides, Skins and Leathers | –13.4 |

What does the future hold for New Zealand forestry exports? The New Zealand wood supply is estimated to double to around 26-30 million cubic metres in 20 years. Concern has been raised that the future demand for New Zealand wood will not be enough to absorb the increase in supply.

However, this concern is possibly premature as Asia will continue to need wood in the future. One suggestion is that Asia will need to import timber to get out of the crisis. Secondly, the forestry industry may have an advantage over other industries: it can leave trees in the ground, adding value until demand and prices increase. Thirdly, the crisis has accelerated the reform process in Asia, under the direction of the IMF, resulting in a stronger banking system. It may also open up foreign investment opportunities for forestry companies and result in New Zealand forestry companies forming stronger strategic alliances with companies in Asia. Fourthly, in the longer term, the APEC early voluntary sector liberalisation (EVSL) agreements should see tariffs on forest products reduced to zero by 2002 or 2004 for some developing countries. Fifthly, the lower New Zealand dollar, provided it stays low, makes New Zealand competitive and attractive to Asian countries.

All of these factors put New Zealand forestry in a position that will enable it to sell the increased wood supply. However, the date when demand will substantially increase for forestry products and Asian countries economies start growing again, is dependent on the ability of Japan to carry out economic reforms and on China not devaluing its currency.

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