

To date the evidence has been that the benefits of planting in New Zealand have been considerable. The Vision 2020 documents notes that it is possible to achieve a high rate of plantation expansion, giving both New Zealand and Chile as evidence.

It also notes that the New Zealand experience demonstrates that newly formed private companies focus on harvesting existing stands to provide a cash flow and to establish market relationships in order to attract additional capital to expand plantings.

Major corporates have increasingly considered New Zealand and Australia as a single wood market - hence Fletcher Challenge Paper's Australasian paper strategy and Carter Holt Harvey's similar strategy in wood products. The implication of Australia moving into a wood products surplus must be seen in the light of the New Zealand efforts to increase the markets for Radiata pine - the Australian resource is far more diversified. What impact will this have in markets such as Asia and the US?

Some opportunities will arise, however, for New Zealand's forestry professionals from the wider and more diverse area of work available and the expanded base for research and development work.

It should be noted that the scheme doesn't necessarily mean that the Australian Government is going to launch a series of subsidies for new forest planting. What Vision 2020 does herald to the wider world is that a climate is being created in Australia which is positive to afforestation.

A key goal of the Vision 2020 document is to "Encourage State governments to create the commercial incentives needed to accelerate plantation development". However, the focus is taking into account government agencies' obligations under long-term wood supply contracts as well as their social obligations.

Article prepared by Mike Smith; 2020 Vision background sourced from Richard Stanton; comparative material sourced from the *Southern Hemisphere Forest Industry Yearbook*.

Mixed Outlook for US Forest Products Trade

Solid wood exports from the United States are forecast to decline in fiscal year (FY)1999, dropping by three per cent or a dip from US\$6.0 billion in FY 1998 to US\$5.8 billion in FY 1999. Figures from the US Department of Agriculture (USDA) show that while exports of most products are forecast to drop slightly, these declines are far less significant than the 20 per cent reduction in overall export sales experienced in FY 1998. Last year's sharp decline was due primarily to the sharp drop in Japanese wood products consumption and imports.

Given the sharp decline in Asian demand and the gains in US consumption and the dollar, the US share of the global solid wood export market fell slightly in FY 1998. The US share of global solid wood products trade is expected to remain under pressure, especially from expanding softwood supplies in eastern Canada, Scandinavia, New Zealand, and Chile and expanding hardwood supplies from Europe and Brazil. US domestic regulations at the Federal, State and local levels are also reducing US export capacity in that public and private landholders both must reduce logging in order to comply with environmental management criteria.

Demand by Japan, the US's single largest market, is expected to remain depressed, although actions to stimulate borrowing initiated by the Japanese Government in November 1998 could help restore consumer confidence and housing demand in the coming year.

US solid wood exports to the rest of Asia are expected to achieve mixed returns in FY 1999. Sales to Korea, Taiwan and most of Southeast Asia are expected to face further declines. High labor costs and the loss of its own Asian market has caused a market slowdown in Taiwan. High unemployment, lower real wages, and company indebtedness in the rest of the region have significantly reduced demand for all wood products. US exports to China and Hong Kong are expected to remain at the current level of US\$140 million, with high import tariffs and taxes a leading constraint to growth.

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