



## Forest Industry Contractors Association

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### For Immediate Release

## Logs 'rule' in Forestry Exports – An Industry of Two Halves

As the NZ wood products sector faces sawmill closures and job losses the forest harvesting sector is enjoying a booming 22 million cubic metre (m<sup>3</sup>) annual log harvest.

Forest Industry Contractors Association (FICA) Chief Executive John Stulen says, “We are absolutely booming with forest harvest production right now with high volumes of export logs going to ports like there is no tomorrow.”

Mr Stulen adds, “This is a great outcome for the forestry half of the forest products industry – but it is now an industry of two halves.”

Over the past two years there have been many sawmill closures leaving something like half of that sector viable compared with pre-recession levels.

Mr Stulen warns of the boom – bust habit which the forestry sector is in. “The market is fast becoming fragile, too focused on one product – export logs.”

There is a risk of a continued reputation in forestry and wood products employers for boom/bust business activity. Past export booms and the corresponding busts have seen forestry frowned upon as a career choice by young people looking for certain futures.

Mr Stulen says, “For many new entrants into forest contracting and for the less experienced employees working in the bush right now – there is no tomorrow – there is only today ... while the boom is happening.”

With Chinese New Year celebrations beginning this week forestry contractors should expect a lag effect as our single largest export market takes a breather.

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### About Forest Industry Contractors Association (FICA)

FICA's role is to improve profitability of forest contractors and their clients. This is achieved through professional development programmes including regional seminars, workshops and networking meetings around key forest product regions of the country.

**THE FACTS:** Quarterly log export volumes (to Sept 2010) increased 3.5 percent to 2.7 million cubic metres. This was the sixth consecutive quarter that log export volumes have totaled more than two million cubic metres and was driven largely by demand from China. Exports to China were high up 20.9 percent to 1.6 million cubic metres. This was due to continued low volumes of Russian log imports into China and competitively-priced radiata pine logs from New Zealand, compared with Russian, North American and domestic logs. China is New Zealand's largest log export destination and has increased its overall share of New Zealand's total log export volumes from 52.4 percent in the September 2009 quarter to 61.2 percent in the September 2010 quarter.

Log export volumes to Korea and India, which are the second and third largest log export destinations, were down 24.8 percent to 545 000 cubic metres and 1.4 percent to 288 000 cubic metres respectively. Total log export earnings increased 9.0 percent to NZ\$294.5 million. Export earnings to China increased 18.3 percent to NZ\$179.4 million. The value of log exports to China accounted for 60.9 percent of the total value, which increased from 56.1 percent and was due to the rise in export volumes. Average all-grade export log prices were at NZ\$130.00 per Japanese Agricultural Standard (JAS) cubic metre, down 5.3 percent from NZ\$137.00 per JAS cubic metre.

(Statistics provided by MAF and Statistics NZ)