

MeBr

Why it Matters

Date: 16 August 2017

Presenters Name: Peter Clark

Imagine!



What would a biosecurity imposed log export ban look like?



Harvesting in some regions becomes uneconomic due to lack of access to top deck export option. This restricts access to pruned and structural grades to some sawmills.

Could it happen?

OCTOBER 8, 2008 / 10:04 AM / 9 YEARS AGO

Mad-cow ban cost U.S. \$11 billion in beef exports

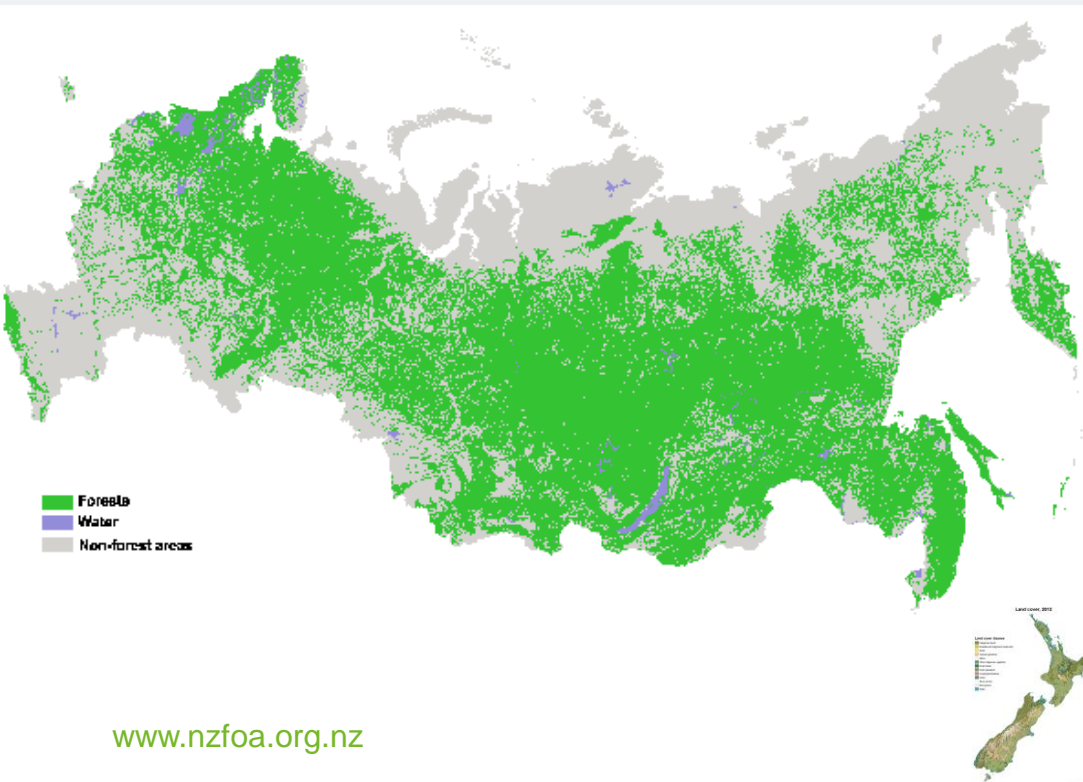
Christopher Doering

WASHINGTON (Reuters) - U.S. ranchers and processors lost almost \$11 billion in revenue between 2004 and 2007 after major importers barred U.S. beef following the discovery of mad cow disease in the United States, according to a government report issued on Tuesday.

No worries – China needs our pine.

Really?

Map of Russian forest cover



What about debarking?

- Accepted by China as a “mitigation”
- Not accepted by India.
- Unsuitable for small (KIS grade) logs
- Current facilities at 3 ports (Marsden, Tauranga and Gisborne) debark about 1 million of the 13 million export logs sent to China.
- In addition KPP (Kaingaroa) yard will (partly) solve for KT but also take market share from exporters reliant on MeBr.
- With modifications, and assuming noise consents issued, could run some sawmill debarkers at night. Adds to transport and handling cost.
- R&D into both use of bark and in-forest debarking with processor heads has promise.
- Not credible to expect either the investment in debarking facilities or bark disposal solutions by Oct 2020.

Employment impacts

1. Top decks to China must all be debarked – insufficient capacity. Massive investment required if that is the sole solution. Such investment unlikely until there is certainty of MeBr recapture option.
2. 12,400 FTE direct employees – forestry and logging
3. 19,450 FTE - first stage processing
4. Multiplier for support services – not assessed but significant

Many jobs at risk!

Other Economic Impacts

- Major disruption to NZ's 3rd largest FX earner - \$5.4 billion/an.
- Some forest owners choose not to harvest as log prices fall in response to limited export options and domestic oversupply
- Unintended consequences e.g. some below deck shipments from regional ports that rely on Tauranga and Marsden for top decks become uneconomic.
- Social impacts, crime and support costs!

