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New Zealand

Solid Wood Products

Annual

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Report Highlights:

New Zealand's forestry harvest in 2005 is forecast to decline 10 percent to 15.4 million cubic meters. Log export volumes next year will decline approximately 20 percent in the face of lower production levels and steady domestic demand. Lumber exports in 2005 are likely to remain at 2004 levels. The importation of Pinus and Douglas Fir nursery stock from the United States into New Zealand was stopped effective February 2004, following MAF's interception of pine pitch canker on U.S.-sourced Douglas Fir cuttings.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Wellington [NZ1]
[NZ]

SECTION I. SITUATION AND OUTLOOK

New Zealand's forestry harvest is forecast to decline 10 percent to 15.4 million cubic meters in 2005. Key forestry organizations, taking a long-term investment strategy, have decided to tighten supply by delaying New Zealand's harvesting schedule in response to weak international demand and poor profit margins. The reduced harvest will help improve the overall construction quality of New Zealand's timber. The decrease in timber production is likely to be temporary. The industry anticipates that forestry owners will return to full harvesting operations in five to eight years once the age profile of their forests and export prices improve. Additionally, timber production will likely respond to the large number of trees planted during the 1980's and early 1990's, which will reach harvestable age by 2010.

Log export volumes are forecast to decline approximately 20 percent in the face of lower production levels and steady domestic demand. Lumber exports in 2005, however, are likely to remain at 2004 levels. The primary cause of the drop in New Zealand's export returns in recent years has been a substantial decline in import demand for logs in the Korean market. Korean importers seek to reduce high inventory levels by adjusting downward their import purchasing programs. Import demand for both New Zealand logs and lumber remains weak in other key markets. Strong log and lumber export competition from Russia, and lumber from Chile and Brazil, also has adversely impacted export profitability.

The importation of Pinus and Douglas Fir nursery stock from the United States into New Zealand was stopped in February 2004. This follows an assessment by the Ministry of Agriculture and Forestry (MAF) that no area in the United States can now be considered free of pine pitch canker. This conclusion resulted from MAF's interception of pine pitch canker on Douglas Fir cuttings, imported from the United States in late 2003, which were being propagated in a secure quarantine facility near Christchurch. Professor Tom Gordon, UCLA Davis, California, confirmed the diagnosis of *Fusarium Circinatum*.

The continued expansion of New Zealand's forestry area is critical if New Zealand is to fulfill its obligations under the Kyoto Protocol agreement. A current cyclical downturn in New Zealand's forestry industry has caused the rate of new plantings to dramatically shrink. The New Zealand government, therefore, is eager to work with New Zealand's forestry industry to increase the rate of new plantings. If the Kyoto Protocol is implemented, the New Zealand Government will claim ownership of most sink credits and their associated liabilities allocated to New Zealand in recognition of the carbon sink value of post-1990 forest plantings on previously non-forested land. Forestry owners feel that it is unfair for the Government to claim ownership of nearly all carbon credits generated by forestry planted after 1990. Negotiations between Government and industry to address the New Zealand forestry industry's contribution to climate change initiatives has resulted in the 'Forest Industry Framework Agreement' (FIFA) being drawn up. FIFA proposes to allocate NZ\$ 21.2 million over a 5 year period for various 'industry good' initiatives. FIFA funding is contingent upon the forestry industry providing a certain share, as yet unspecified, of total funding. Implementing a grower levy has been discussed as one means of raising necessary industry funds, although other methods have also been suggested.

Large tracts of New Zealand's forestry estate have been purchased in recent years by overseas investment organizations, most based in the United States. Currently, there are five U.S. Timber Investment Management Organizations with investments in New Zealand's North Island. As of mid-2004, these investment organizations owned approximately one-third of New Zealand's total commercial forestry resource.

SECTION II. PS&D TABLES

New Zealand Softwood Logs						
1000 CUBIC METERS						
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003		01/2004		01/2005	
Production	18540	18540	17980	17080	0	15395
Imports	5	5	5	5	0	5
TOTAL SUPPLY	18545	18545	17985	17985	0	15400
Exports	8081	8081	8191	7100	0	5700
Domestic Consumption	10464	10464	9794	9985	0	9700
TOTAL DISTRIBUTION	18545	18545	17985	17985	0	16185

New Zealand Softwood Lumber						
1000 CUBIC METERS						
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003		01/2004		01/2005	
Production	4472	4472	4104	4200	0	4100
Imports	17	17	17	17	0	17
TOTAL SUPPLY	4489	4489	4121	4217	0	4117
Exports	1856	1856	1760	1630	0	1632
Domestic Consumption	2633	2633	2361	2587	0	2485
TOTAL DISTRIBUTION	4489	4489	4121	4217	0	4117

New Zealand Softwood Plywood						
1000 CUBIC METERS						
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003		01/2004		01/2005	
Production	292	292	296	296	0	290
Imports	7	7	7	7	0	5
TOTAL SUPPLY	299	299	303	303	0	295
Exports	89	89	95	95	0	95
Domestic Consumption	210	210	208	208	0	200
TOTAL DISTRIBUTION	299	299	303	303	0	295

Source: MAF and Statistics New Zealand

SECTION III. PRODUCTION, POLICY AND TRADE

PRODUCTION

Forestry Situation/Outlook

New Zealand's forestry harvest is forecast to decline 10 percent to 15.4 million cubic meters in 2005. Key forestry organizations, taking a long-term investment strategy, have decided to tighten supply by delaying New Zealand's harvesting schedule as a response to weak international demand and poor profit margins. Domestic log consumption in 2005 is forecast to fall nearly 3 percent as New Zealand's building boom tapers off and the backlog of houses awaiting construction drops markedly. Log export volumes in 2005 are forecast to decline approximately 20 percent in the face of lower production and supply levels. Lumber exports in 2005, however, are likely to remain at 2004 levels.

New Zealand's reduced supply will be beneficial to its forestry industry as the trees are left to age, improving its overall construction quality. Harvests in recent years have been characterized by marginally lower overall quality, as younger timber was harvested to satisfy a strong export demand. The decline in timber production will be temporary. The industry anticipates that forestry owners will return to full harvesting operations in five to eight years once the age profile of forests and export prices improve. Additionally, timber production will respond to the large number of trees planted during the 1980's and early 1990's that will begin reaching harvestable age by 2010.

The primary cause of the drop in New Zealand's export returns in recent years has been a substantial decline in import demand for logs in the Korean market. Korean importers seek to reduce high inventory levels by adjusting import purchasing volumes. Korea is New Zealand's largest log export market, purchasing twice the volume of the next largest export destinations, China and Japan. These three markets together account for 90 percent of New Zealand's total log export shipments. Import demand for both New Zealand logs and lumber also remains weak in other key markets. Strong log and lumber export competition from Russia, and lumber from Chile and Brazil, has adversely impacted export profitability.

Several factors contribute to the currently low profitability of New Zealand's forestry sector. This includes New Zealand's strong currency, fluctuating and rising energy costs, and high log freight rates attributed to a strong demand by China for the class of sea vessels capable of carrying New Zealand's logs. Lumber has not faced the same rapid increase in freight costs that logs have witnessed since they utilize a different vessel class.

Inadequate processing capacity continues to be a constraint on industry development. The New Zealand Forest Industries Council (NZFIC) estimates that NZ\$ 3 billion needs to be invested in the industry over the next 10 years to create the processing capacity needed. A lack of investment in downstream processing, combined with higher import tariffs for higher value wood products, has driven the rapid expansion in New Zealand's log exports at the expense of lumber and other value-added wood products.

Constraints to increasing New Zealand's processing capacity include: (1) an uncompetitive power supply (compared to other competing countries), (2) a lack of adequate road infrastructure to access large forest estates, (3) a difficult, costly, and uncertain regulatory approval process for establishing new wood processing sites, (4) uncertainty for potential investors created by the long-term effect of New Zealand's ratification of the Kyoto Protocol, (5) uncompetitive freight rates, (6) a strong New Zealand currency, and (7) poor labor productivity and high labor costs. Similar issues deter investment in New Zealand's forestry infrastructure. Those countries that enjoy lower labor costs and a closer proximity to

customers are able to compete effectively for the investment capital needed by New Zealand's forestry sector.

TRADE MATRICES

New Zealand Log Exports by Value			
	(Millions NZ\$)		
	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
Korea, South	410.7	335.5	293.4
Japan	157.5	161.4	123.8
China	118.6	134.2	103.6
India	21.5	27.0	19.0
Taiwan	9.3	10.6	11.1
Other	40.5	52.8	13.9
Total	758.1	721.6	564.9

New Zealand Lumber Exports by Value			
	(Millions NZ\$)		
	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
United States	386.7	356.1	244.4
Australia	228.9	248.0	241.5
Japan	78.8	77.1	62.6
China	41.4	43.2	46.7
Taiwan	33.6	30.8	25.2
Vietnam	7.5	13.4	17.0
Philippines	10.7	17.5	14.3
Thailand	10.9	13.3	12.7
Korea, South	13.5	10.1	9.8
French Polynesia	1.6	1.2	7.2
Hong Kong	19.4	12.3	7.0
Other	31.3	32.3	37.5
Total	864.2	855.1	725.9

Source: Statistics New Zealand

STRATEGIC INDICATOR TABLE – FOREST AREA

New Zealand Forest Area 2004			
	Previous 2002	Current 2003	Forecast 2004
Total Land Area (million hectares)	27	27	27
Total Forest Area (million hectares)	8.21	8.23	8.23
--Of which, Commercial ('000 hectares)	1814	1827	1842
----Of commercial, tropical hardwood ('000 hectares)	0	0	0
----Of commercial, temperate hardwood ('000 hectares)	54	55	56
----Of commercial, softwood ('000 hectares)	1760	1772	1786
Forest Type			
--Of which, virgin ('000 hectares)	6.4	6.4	6.4
--Of which, plantation ('000 hectares)	1814	1827	1842
--Of which, other commercial (regrowth) ('000 hectares)	n/a	n/a	n/a
Total Volume of Standing Timber (thousand cubic meters)	390000	398000	400000
--Of which, Commercial Timber ('000 cum)	n/a	n/a	n/a
Annual Timber Removal ('000 cum) 1/	16557	18540	17080
Annual Timber Growth Rate ('000 cum)	25000	25000	25000
Annual Allowable Cut ('000 cum)	n/a	n/a	n/a

1/ If Removals exceeds growth rate, analyze impact in text.

Source: [MAF](#)

NEW ZEALAND'S FORESTRY INDUSTRY

The New Zealand forestry and logging sectors account for 1.2 percent of national economic activity. Further processing of wood and wood products, paper, and pulp manufacturing account for an additional 4 percent of GDP. Forestry directly employs approximately 23,000 people. Forests cover 8.2 million hectares, approximately 30 percent of New Zealand's total land area. Of this area, 6.4 million hectares are indigenous or natural forests and 1.8 million hectares represent commercial plantation forests. Of the commercial area, seventy percent is located in the North Island and thirty percent in the South Island. Eighty-nine percent of all commercial forests are planted with radiata pine and 6 percent in Douglas Fir. The balance consists of hard woods (3 percent) and other softwoods (2 percent). Plantation forests account for more than 99 percent of New Zealand's total timber production. Approximately 15,000 hectares of new forest were planted in 2003, well below the 30-year average of 43,500 hectares per annum. For more information, see MAF's [National Exotic Forest Description](#) and MAF's [forestry statistics](#).

New Zealand accounts for 0.05 percent of the world's forest resource and 1.1 percent of world trade. New Zealand's major competitors are South Africa, Russia, Chile, Brazil, Argentina, and Uruguay. Approximately 35 percent of New Zealand's harvest is exported as logs. The remainder is either milled or used in the production of pulp, paper, or other wood products such as medium density fiberboard (MDF) and panel products. The volume of logs exported as a proportion of New Zealand's total harvest continues to increase due in large part to industry processing capacity constraints.

POLICY

Pine Pitch Canker

The importation of Pinus and Douglas Fir nursery stock from the United States into New Zealand was stopped in February 2004. This follows an assessment by the Ministry of Agriculture and Forestry (MAF) that no area in the United States can now be considered free of pine pitch canker. This resulted from MAF's interception of pine pitch canker on Douglas Fir cuttings, imported from the United States in late 2003, which were being propagated in a secure quarantine facility near Christchurch. Professor Tom Gordon, UCLA Davis, California, confirmed the diagnosis of *Fusarium Circinatum*. Imports of sawn timber or poles from these species are also prohibited unless they have been treated to 70 degrees Celsius (core temperature) for four continuous hours or kiln-dried to less than 20 percent moisture content at temperatures exceeding 56 degrees Celsius.

See <http://www.maf.govt.nz/biosecurity/imports/forests/emergency-measure.htm> for more information.

The Kyoto Protocol and the Forestry Industry Framework Agreement

The continued expansion of New Zealand's forestry area is critical if New Zealand is to fulfill its obligations under the Kyoto Protocol agreement. A current cyclical downturn in New Zealand's forestry industry has caused the rate of new plantings to dramatically shrink. The New Zealand government, therefore, is eager to work with New Zealand's forestry industry to increase the rate of new plantings.

If the Kyoto Protocol is implemented, the New Zealand Government will claim ownership of most carbon (sink) credits and their associated liabilities allocated to New Zealand in recognition of the carbon sink value of post-1990 forest plantings on previously non-forested land. This will occur for at least the first commitment period, with the Government meeting deforestation and harvesting liabilities for these forests. The Government has opted to be liable up to a specified cap of 21 million tons of CO₂ emissions for forests planted before 1990 and then harvested without being replanted during the Kyoto Protocol's first commitment period. The Government has also declared that forestry owners who establish new permanent ('non-harvest') commercial forest sinks will receive fully tradable Kyoto Protocol compliant emission units. This creates an opportunity for landowners, probably of largely marginal land, to gain financially by re-establishing permanent forests.

Forestry owners feel that it is unfair for the Government to claim ownership of nearly all carbon credits generated by forestry planted after 1990. Negotiations between Government and industry to adhere the New Zealand forestry industry's contribution to climate change initiatives resulted in the 'Forest Industry Framework Agreement' (FIFA) being drawn up. FIFA proposes to allocate NZ\$ 12 million over a 5 year period to a regional and industry market development program. Additionally, NZ\$ 2.8 million will be provided by FIFA for funding a bio-energy program, NZ\$ 5 million directed to industry labor and skill development and NZ\$ 1.4 million for market access issues. The industry will also benefit from a Government NZ\$ 23 million allocation for regional transport development. FIFA funding is contingent upon the industry providing a certain share, as yet unspecified, of total funding. Implementing a grower levy has been discussed as one means of raising industry funds, although other methods have also been suggested.

See <http://www.climatechange.govt.nz> for more details.

Industry Levy

Three of New Zealand's forestry industry organizations: New Zealand Forest Industries Council ([NZFIC](#)), New Zealand Forestry Owners Association ([NZFOA](#)) and New Zealand Farm Forestry Association ([NZFFA](#)), are attempting to build support for the introduction of a compulsory commodity levy on forest growers. Industry participants express a growing concern for what is generally described as a lack of unity within New Zealand's fragmented forestry industry. They hope that an industry-wide levy will serve as a useful tool in addressing problems and issues that the sector as a whole is confronted with. In June 2004, NZFIC, NZFOA, and NZFFA released the results of a study prepared for them by the international forestry consultancy group Jaakko Poyry. This study gauged the attitudes and opinions of key stakeholders regarding the introduction of a levy under the Commodity Levies Act (CLA).

These three industry organizations are currently reviewing the conclusions of this report. An industry vote on a producer levy may occur in 2005. Many within the industry view the implementation of a producer levy as a critical factor in enabling forestry to surpass the dairy sector as New Zealand's largest export industry.

New Zealand's Commodity Levies Act allows a producer referendum to determine what type of 'industry good' activity will be undertaken using levy funds. Producer levy rates are in force for a period of 5 years. Industry good activity in New Zealand is a broad categorization that includes market development efforts, market access, and research and development. NZFIC, NZFOA, and NZFFA propose to use potential levy funds for market development, research, and industry training.

New Zealand Forestry Certification

As of June 2003, 42 percent of New Zealand's forests were certified on an interim basis under the [Forest Stewardship Council](#) (FSC) forestry certification system. FSC is an independent, non-profit, non-government organization based in Bonn, Germany. It provides standard setting, trademark assurance, and accreditation services for companies and organizations interested in responsible forestry. Certification under FSC in New Zealand was initiated in 2001 following an industry expression of interest in creating a national certification system. The establishment of a separate national certification system is now being developed by Forest Certification New Zealand Incorporated (FCNZI), although the process has currently stalled.

Most forestry industry participants believe that forest certification is vital to establishing a successful export market development strategy for New Zealand's wood products. Forest certification entails the verification that wood is harvested under conditions acceptable to a credible third party's certification system. Its principal purpose is to ensure that New Zealand's harvest can be sustained by natural or human-induced regeneration. It also assesses the effect that forestry operations have on local ecological, cultural and social structures. Forestry companies whose operations are 'certified' as meeting the criteria can use the certifying agency's brand on their timber when it goes to market. Other environmentally sensitive New Zealand initiatives to date have included the 1991 Forest Accord and the 1995 Principles of Commercial Forest Management.

FCNZI is a financially independent group that develops and manages a system of standards for the sustainable management of New Zealand's plantations and indigenous forests. The

Interim Standard for Plantation Forest Management in New Zealand was prepared following guidelines set out in the FSC National Initiatives Manual available from the FSC website (www.fscoax.org). These guidelines are designed to be used under other certification authorities as well as FSC. The Standard will provide a system that enables third party verification that New Zealand's forest management practices meet acceptable standards recognized by major overseas wood products markets. FSC is one such scheme, but forest managers may use these standards for certification under other authorities.

TRADE

China

China is currently New Zealand's fifth largest export market for wood and wood products. New Zealand exports to China were valued at more than NZ\$ 300 million in 2003. Industry participants believe that the poor image of Pinus Radiata as a building material in China has greatly hampered their ability to take advantage of emerging sales opportunities. After much difficulty, New Zealand was successful this year in getting Pinus Radiata recognized in China's new Building Code. New Zealand's marketing strategy in China focuses on improving the image of Pinus radiata by making potential consumers/buyers aware of its full range of applications and uses.

Trade and economic framework discussions for a Free Trade Agreement (FTA) with China were initiated in January 2004. This will be followed by a feasibility study for a FTA. New Zealand hopes that this will lead to negotiations on a trade deal. Both countries have expressed a desire to conclude a FTA in 2005. New Zealand's efforts to reach a trade accord with China were enhanced by its willingness to meet China's demand to be recognized as a market economy. This provides China with relief from the anti-dumping provisions it accepted when it joined the WTO.

Sale of New Zealand Forestry Estates and Company Restructuring

Large tracts of New Zealand's forestry estate have been purchased in recent years by overseas investment organizations, most based in the United States. Currently, there are five U.S. Timber Investment Management Organizations (TIMOs) with investments in New Zealand's North Island – Harvard Management, Hancock Natural Resource Group, Prudential Timber Investments, Ontario Teachers' Plan and Global Forest Partners. As of mid 2004, these investment organizations together owned approximately one-third of New Zealand's total commercial forestry resource. TIMOs are generally regarded as having a positive influence on the industry since their long-term view allows forests to mature properly, improving the construction properties of New Zealand's timber. In the short-term, however, concern exists for job losses at harvesting organizations as a result of TIMO decisions to reduce harvesting operations. Also, problems may arise once normal harvest levels are resumed if an adequate supply of skilled labor is no longer available. Carter Holt Harvey (51 percent owned by International Paper of the United States) continues to be New Zealand's largest individual forestry owner. It is now considering the sale of some of its forestry assets.

Fletcher Challenge Forests/Tenon

In early 2004, Fletcher Challenge Forests (FCF) sold its 106,000 hectare forestry estate for NZ\$ 725 million to Kiwi Forests Group (KFG), which is a consortium of local investors and non-New Zealand TIMOs. At a special FCF shareholder meeting in February 2004, shareholders voted to sell the bulk of FCF's forestry estates in the North and South Islands

for NZ\$ 560 to KFG. FCF's 20,700 hectare Tarawera Forestry rights (located in the central North Island) were sold in April 2004 to KFG on behalf of Hancock Natural Resource Group, a U.S. company. This completed FCF's divestment of its forestry estate.

FCF now plans to focus its business strategy on wood processing and distribution operations. It maintains that forest ownership is best suited to institutional investors that take a long-term investment horizon. In order to complete the deal with KFG, FCF broke an earlier deal with Campbell Group of the United States. FCF paid a NZ\$ 17 million fee to the Campbell Group for not completing their sales agreement.

FCF was renamed Tenon at a special shareholder meeting held in February 2004. Rubicon, already owning 20 percent of FCF's outstanding shares, successfully completed its takeover bid of Tenon in June 2004.

Carter Holt Harvey

Many industry analysts speculate that Carter Holt Harvey (CHH) will follow Tenon's lead and sell at least a portion of its forestry assets. No sales announcements, however, have been announced. Campbell Group, having failed to purchase FCF's forestry estate, is reportedly interested in purchasing some of CHH's forestry estate.

CHH sold its tissue operation to the Swedish company Svenska Cellulosa for NZ\$ 1 billion in March 2004. The sale included CHH's 50 percent share of Sancella, a feminine hygiene products joint venture between the companies. In June 2004, CHH announced its intention to invest U.S.\$ 134 million to acquire an 85 percent stake in the Chinese company Plantation Timber Products. This company owns two fiberboard and flooring plants in China. This acquisition represents CHH's strategy to expand its operation outside New Zealand.

Central North Island Forests Partnership

Harvard University's Pension fund purchased the Central North Island Forests Partnership's 165,000 hectare forestry estate in 2003 for approximately NZ\$ 613 million. This is New Zealand's largest plantation forest estate. Part of the 165,000 hectare sale figure consists only of cutting rights for existing trees, with the remainder of the sale transferring land title.

TARIFFS AND SUBSIDIES

New Zealand Forest Product Tariffs and Taxes (percent) 2004						
H/S Code	Product Description 1/	Tariff 2004	Tariff 2005	Other Import Taxes/Fees	Total Cost of Import 2/	Export Tax
4401		Free	Free	n/a	Free	Free
4403		Free	Free	n/a	Free	Free
4404		Free	Free	n/a	Free	Free
4405		Free	Free	n/a	Free	Free
4406		Free	Free	n/a	Free	Free
4407		Free	Free	n/a	Free	Free
	Sanded or Finger Jointed	7	7	n/a	7	Free
4408		Free	Free	n/a	Free	Free
	4408.10.09	7	7	n/a	7	Free
	4408.31.90	6.5	6.5	n/a	6.5	Free
	4408.39.90	6.5	6.5	n/a	6.5	Free
	4408.90.08	6.5	6.5	n/a	6.5	Free
	4408.90.19	6.5	6.5	n/a	6.5	Free
	4408.90.29	7	7	n/a	7	Free
4409		Free	Free	n/a	Free	Free
	Molded Wood	5	5	n/a	5	Free
4410		5	5	n/a	5	Free
4411		5	5	n/a	5	Free
4412		7	7	n/a	7	Free
	4412.22.90	5	5	n/a	5	Free
	4412.23.00	5	5	n/a	5	Free
	4412.29.90	5	5	n/a	5	Free
	4412.92.10	5	5	n/a	5	Free
	4412.92.90	5	5	n/a	5	Free
	4412.93.00	5	5	n/a	5	Free
	4412.99.90	5	5	n/a	5	Free
4413		Free	Free	n/a	Free	Free
4414		5	5	n/a	5	Free
4415		Free	Free	n/a	Free	Free
	4415.2	7	7	n/a	7	Free
4416		Free	Free	n/a	Free	Free
4417		Free	Free	n/a	Free	Free
	4417.00.11	5	5	n/a	5	Free
	4417.00.21	5	5	n/a	5	Free
4418		6.5	6.5	n/a	6.5	Free
4415.5		Free	Free	n/a	Free	Free
	4418.9	5	5	n/a	5	Free
4419		6.5	6.5	n/a	6.5	Free
	4419.00.09	7	7	n/a	7	Free
4420		Free	Free	n/a	Free	Free
	4420.10.09	6.5	6.5	n/a	6.5	Free
	4420.90.01	5	5	n/a	5	Free
	4420.90.09	6.5	6.5	n/a	6.5	Free
4421		7	7	n/a	7	Free
	4421.90.01	Free	Free	n/a	Free	Free
	4421.90.09	Free	Free	n/a	Free	Free
	4421.90.11	Free	Free	n/a	Free	Free
4422		n/a	n/a	n/a	n/a	Free
4423		n/a	n/a	n/a	n/a	Free
4424		n/a	n/a	n/a	n/a	Free
4425		n/a	n/a	n/a	n/a	Free
	Pre-fabricated Houses, a subsection under chapter 96	n/a	n/a	n/a	n/a	n/a

1/ Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation for major products exported by the U.S. (e.g., 4412.19: softwood plywood 3%, 4412.XX: other plywood, 9%).

2/ Calculate as tariff plus other import taxes/fees assuming a commodity value of \$100.

WOOD PRODUCTS SUBSIDIES

New Zealand Wood Product Subsidies 2004			
	Previous	Current	Forecast
	2002	2003	2004
Total Solid Wood Export Subsidy Outlay (\$US million)	n/a	n/a	n/a
Is there a ban on the export of logs, lumber, or veneer? 1/	No	No	No
Are there export taxes (yes/no)? 2/	No	No	No
Total Wood Production Subsidy (\$US million)	n/a	n/a	n/a
Scope (thousands of hectares)	1814	1827	1842
Are there other wood products export expansion activities? 1/	No	No	No

1/ If yes, describe in report.
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.

FURTHER INFORMATION

New Zealand Forestry Industry Facts and Figures
http://www.nzfoa.nzforestry.co.nz/facts_figures.asp

MAF Forestry Statistics
<http://www.maf.govt.nz/statistics/primaryindustries/forestry/index.htm>

MAF National Exotic Forest Description and other publications
<http://www.maf.govt.nz/forestry/publications/>

New Zealand government and the Kyoto Protocol
<http://www.climatechange.govt.nz>

Forest Stewardship Council
<http://www.fsc.org/fsc>

New Zealand Forestry Industry Council
<http://www.nzfic.org.nz/mainsite/>

New Zealand Forestry Owners Association
<http://www.nzfoa.nzforestry.co.nz/>

New Zealand Farm Forestry Association
<http://www.nzffa.org.nz/main.html>

Tenon (formerly Fletcher Challenge Forests)
<http://www.tenon.co.nz/>

Carter Holt Harvey
<http://www.chh.com>

New Zealand Forestry Industries magazine (includes statistics)
<http://www.nzforest.com/>