

timber production from some of these forests. In 1987, when the Department of Conservation was formed, several timber production areas were removed from the state forest park to provide a resource for the timber industry. A small area of exotic afforestation within the Oparara basin lies within the forest park, but Timberlands retains the cutting rights to these trees. Since the Accord was signed the Ministry of Forestry in 1988 carried out an inventory of some potentially commercial areas within the investigation area. They concluded that only very limited areas had any economic viability. The pattern is therefore typically that of small scattered areas of merchantable forest made uneconomic by location and the difficult terrain. Other areas cannot be harvested because water and soil conservation values overrode their commercial use.

The Big Bush long-term hydrological monitoring site is not within the area under investigation for the proposed national park. Two blocks of pines in Donald Creek (of about 20 ha and 10 ha) are being monitored for catchment runoff. They are being compared with two blocks of beech forest which were logged using different methods. Each catchment has a weir with runoff data recorded automatically. The research is managed by Landcare Research New Zealand Ltd. The land and the pines are the responsibility of the Department of Conservation who are currently looking at leasing out the management of the pine blocks.

**Mike Cuddihy**

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## Canterbury snow damage

The two large snowstorms affecting Canterbury during the 1992 winter didn't just cause stock losses. There were large areas of forest damaged. Similarities with the 1983 and 1984 Otago/Southland snow damage are evident (see letter by Dennys Guild), with damage occurring on north-east lee slopes where snow drifts occur.

Three major forest owners are affected: Carter Holt Harvey in North Canterbury, the Selwyn Plantation Board, and the Forestry Corporation owned forests of South Canterbury. Ministry of Forestry Christchurch state that extensive areas of private blocks have also been damaged.

The extent of the damage in Canterbury has not yet been quantified. In contrast to the 1980's storms, Otago and Southland growers were not significantly affected.

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# Market Report – September 1992

**Chris Brown**

## General Situation

The recovery of the New Zealand economy remains centred on the export sector. In the year to June 1992 export receipts increased to \$NZ17.9 billion – a record for any June year. The domestic economy, however, remains weak with any growth likely to be fragile. Domestic indicators are giving mixed signals about the strength and direction of domestic growth. Inflation, presently running at around 1 per cent, appears to be well under control with the NZIER predicting an average inflation rate for the next five years of 1.7 per cent. Interest rates are continuing to decline (notwithstanding aberrations caused by the recent upheavals in the European monetary system) in line with inflation, and assisted by the growing perception of a more fundamentally sound New Zealand economy.

Indications from the consumption sector are less favourable. Housing starts continue to plateau at very low levels, with no real indication of the trend direction for the immediate future. Retail sales weakened in the June quarter after recording three consecutive quarterly improvements. A lower valued New Zealand dollar continues to favour exporters and is a primary force behind Ministry of Forestry forecasts of forest products export earnings exceeding \$NZ2 billion in the year to March 1993 – a nominal increase of 16.7 per cent on the preceding March year. The total value of forestry products exports for the June 1992 year was \$NZ1817 million – an increase of \$NZ240 million on the previous year. Australia remained New Zealand's most important export market, taking 35 per cent of forestry exports by value, while Japan's market share of exports declined 2.9 percentage points on the preceding June year to 26 per cent, although total value of exports to Japan increased by \$NZ3 million in nominal terms. Korea (10.8 per cent) and Taiwan (6.2 per cent) were the third and fourth largest forest products export markets.

Roundwood removals for the year ended June 1992 were provisionally estimated at 14,555,000 cubic metres, a 5.9 per cent increase on the previous June year. Total roundwood removals for 1992 as a whole are expected to remain relatively static, due to reduced harvest levels in the Bay of Plenty forests in

response to the NZFP strike. New planting figures for the 1992 winter planting season are, however, expected to make a strong resurgence. New planting, estimated at 13,000 hectares in 1991, is estimated by the Ministry of Forestry to top 40,000 hectares in 1992 based on surveys of nursery sales.

Log exports for the June 1992 quarter were 1,130,000 m<sup>3</sup> – the first time New Zealand log exports have exceeded 1 million m<sup>3</sup> in a single quarter. The June figure is likely to have been inflated by a transfer of some of the March 1992 quarter shipments, recorded at 780,000, which appears excessively low.

Sawn timber exports recorded a strong increase in the year to June 1992. Shipments totalling more than 850,000 m<sup>3</sup> were reported – an increase of 25 per cent in volume and 33 per cent in value on the June 1991 year. New Zealand sawmillers made marked gains in their share of the Australian market as a result of increased price competitiveness and log supply constraints applying to North American sawn timber competitors. A price war in Australia saw prices in that country fall by as much as 30 per cent, forcing Canadian Douglas fir exporters out of the market and actually enabling New Zealand exporters to increase their market share.

## East Coast Forestry Project

The July 1992 Budget announced the inception of a Government forestry planting scheme on the East Coast region. The project aims to establish 200,000 hectares of commercially productive forest on erosion prone land in the East Coast region over the next 28 years. Tenders for first year planting grants under the scheme expired on October 30, 1992.

## ITTO Membership

New Zealand became an official member of the International Tropical Timber Organisation in August 1992. Membership will allow New Zealand to play a more direct role in the Organisation's goal of having all trade in tropical timbers based on sustainable forestry by the year 2000.

## Forests Amendment Bill

The Forests Amendment Bill, which aims to promote sustainable management of New Zealand's natural forests,