

FCL raised \$292.5 million from the placement of 75 million shares in international markets, and has since gone to the market with another issue of capital notes. In the new issue, which comprises subordinated debt notes, FCL is offering \$100 million with the right to accept over-subscriptions of another \$100 million.

#### **Juken Nissho**

Site work has begun on Juken Nissho's \$40 million wood processing plant just south of Masterton. The plant, which may be open before Christmas, will produce high-quality timber products including plywood, laminated veneer lumber, finger-jointed timber and laminated timber products. All products from the mill will be exported.

#### **ITT Rayonier**

The US company ITT Rayonier has bought Kohitere Forest near Levin from the Department of Social Welfare. The 650 hectare forest has been established in a regular programme over 28 years. Unlike other State forestry sales, where forestry rights only were sold, this sale included the land and other assets.

#### **Dunedin City Council**

The Dunedin City Council is actively seeking buyers for its forest assets. The Council controls 10,500 ha of forest in Otago, valued in the 1989 balance sheet at \$31 million. The sale proposal has met with opposition.

#### **London Pacific**

The Securities Commission has ordered an inquiry into the affairs of London Pacific. The investigation is unlikely to have any effect on the operations of their Matakana Island milling business.

#### **Blue Mountain Lumber**

Blue Mountain Lumber will undertake a \$3 million upgrading of its Conical Hill sawmill to improve the efficiency of its utilisation of small diameter logs.

#### **Processing proposal for native timber**

A consortium of New Zealand, Australian and Asian interests is working on a proposal for a high-technology timber processing unit based in Southland to process native timber for an Asian niche market. A detailed development plan proposing low impact management systems is being prepared for Government.

#### **Trade with China**

Forestry was one of the main discussion areas at the fourteenth session of the New Zealand/China Joint Trade Commission, held in Wellington in late May. The agenda included forestry products trade, Chinese investment in New Zealand forestry and forestry co-operation. Although Wenita's investment in New Zealand is significant, it was nonetheless

considered only a beginning. While in New Zealand members of the Chinese delegation signed contracts to purchase logs and wood pulp.

The New Zealand China Trade Association has plans for a trade mission to China in October.

#### **The Thai market**

A delegation of Thai manufacturers visited New Zealand during late May, stimulating hopes of increased forestry products exports to Thailand. Thailand is a major producer of timber products, particularly furniture for export. A shortage of wood has increasingly forced manufacturers to seek external sources of timber. Thailand already imports, pulp, paper, medium density fibreboard and newsprint from New Zealand.

#### **Exporting kitset homes**

Fraemhos Industries, a Christchurch house building company, has begun exporting kitset houses to Japan. The total Japanese market is about 1.6 million houses per year, of which about 3000 are log homes.

#### **Ports and shipping**

Union Shipping's new vessel Union Rotoma will offer the first specialist roll-off service from Tauranga and Lyttelton to Brisbane. This will assist New Zealand's efforts to boost timber sales in Queensland. Previously, New Zealand timber has had to be trucked north from Sydney. A large timber production campaign is being launched to coincide with the new service.

Union Shipping has dropped its trans-Tasman timber freight rates by 6% in a package of rates and services negotiated with the New Zealand Timber Industry Federation (TIF). The new rate is \$85 per cubic metre, which includes wharf costs on both sides of the Tasman. The TIF believes the rate is still too high and aiming to reduce it to about \$68/m<sup>3</sup>.

In April a joint New Zealand and Australian Government decision was made to discontinue the trans-Tasman shipping accord which allows only New Zealand or Australian owned and crewed ships to operate between the two countries. This is expected to further reduce the cost of transporting timber to Australia.

A build-up of the log trade through Wellington has resulted in a shortage of storage space. Three log exporters currently use the port, and a fourth is due to commence in October.

Dunedin City Council has given planning approval for developments at Port Chalmers, including the reclamation of a further 3.93 hectares of log wharf at Back Beach. However, there have been objections, and a planning tribunal hearing is set to commence on September 2, 1991.

Loading productivity continues to increase at the Port of Tauranga as new methods of loading logs and timber are evaluated. This has given rise to claims that, for log and timber exports, Tauranga is now one of the most efficient and cheapest ports in the world.

There are considerable differences between on-shore costs at different ports. It is claimed that timber exporters pay \$23.28/m<sup>3</sup> in port charges and cargo handling at the Port of Lyttelton compared with \$9.79/m<sup>3</sup> at the Port of Tauranga.

#### **New radiata pine strain**

The Forest Research Institute has developed a new strain of radiata pine which consumes less energy during pulping and produces paper with better printing qualities. It also compares favourably with spruce, the wood generally used by the Japanese to produce high-quality paper.

#### **Dutch Elm disease (DED)**

During the 1990-91 season, 21 elm trees in 13 locations were found with Dutch Elm disease. This compares with 101 trees in 17 locations the previous season. Twenty-nine out of 94 pheromone traps set up by the Forest Research Institute collected 6482 beetles. Ninety-eight of the beetles caught were infected with the disease fungus. It has been determined that *Scolytus multistriatus*, the vector of the disease, has three generations a year. The Forest Disease Advisory Committee has recommended that the eradication programme should continue until it can be demonstrated that the disease is spreading. In case eradication is unsuccessful, clearance is being sought to import a viral-infected strain of the DED fungus to lessen its effect.

#### **Eucalyptus Leaf Mining Sawfly**

Eucalyptus Sawfly has been detected in the South Island for the first time at the Picton Ferry Terminal. Ministry of Forestry staff have destroyed the nine affected trees. About five Flowering Eucalyptus at Auckland Airport with a new suspect gall insect have also been destroyed.

Ministry of Forestry Protection staff have just completed the 1990-91 forest-tree health surveillance programme. They covered 1,055,451 ha of the exotic forest estate by aerial and ground survey, 17 forest nurseries, and most port environ areas twice, except Auckland which was covered three times.

**Dave Kershaw**