



## The environmental consequences of a global market economy

Although the current round of GATT negotiations might result in a minor setback, the world seems certain to become a more global market economy.

As Governments struggle to balance budgets, service debts, etc conservation priorities will be increasingly determined in economic terms.

The more realistic of the conservation groups recognise this. Mr Guy Salmon of the Maruia Society advocates the export of indigenous timber. Such action, he argues, would increase the price of indigenous timber. Indigenous forests would be more valuable. If the forests become more valuable the more likely they are to be well managed and conserved (and some may even be planted). Others have advanced similar arguments for the tropical forests. If there is a ban on the export and use of tropical timber the forest would have little value. Locals could then argue there was no point in keeping on conserving a valueless asset. The forest could be destroyed and the land used for a more valuable use.

In a market economy emphasis is on freeing up trade. In the process (in theory at least) we all get more efficient. Bans and sanctions are incompatible with a global market economy. If New Zealand banned, as has been proposed, the use of tropical hardwoods (in the misguided belief that this would actually stop the permanent clearing of tropical forests) then those countries have every right to see that as a trade move to

increase the market for our managed plantations. They would be justified in imposing restrictions on our exports. Once started, there may be no end to trade retaliations.

### Comment from the President

Although it is unlikely to happen, there is a threat to conservation from New Zealand's new Alliance Party (which probably includes a large number of those who would consider themselves supporters of the Green Party). The Alliance Party advances the well-used argument that log exports are really the export of jobs and a loss of overseas exchange. The solution, the Alliance argues, is the banning or restricting of log exports and the forcing of more domestic processing.

Forest growers see things very differently. They are well aware that the advent in 1958, and the continuation of, the log export industry (and especially the prices Japanese buyers were prepared to pay relative to those of local sawmillers) was probably the most important factor in the expansion of plantation forestry in New Zealand since the early 1960s. If there had been restrict-

ions or bans on log exports, plantation forestry could not have expanded, as the lower prices would have made it a less economic proposition. Any restriction or ban today would kill plantation forestry even more effectively than the grossly unfair taxation treatment of the fourth Labour Government.

The conservation consequences would be serious. So would the effect on the economy.

A ban or restriction on logs almost certainly must reduce their price. If local processors were prepared to pay export prices for the logs in the first place they would get all the logs they require (a grower would almost always prefer to sell to a local processor than go to all the trouble involved in exporting). With lower wood prices, plantation forestry would become less profitable. If it is less profitable there would be little or no replanting and even less new planting. Hence plantation areas would decrease. There would then be fewer employment opportunities in plantations. If plantation forests are not created, then, at the global level, there will either be increased pressure to fell more indigenous forests for wood production, or an increased energy consumption as more use is made of wood substitutes (all of which have higher energy demands).

Banning or restricting New Zealand log exports could therefore have an impact on world forest conservation and energy demands. Rather than proposing a banning of log exports, the Alliance Party could do more for conservation (of both forest and energy), as well as for the New Zealand economy, by encouraging more discussion on how we can profitably process the logs in New Zealand (but without any lowering of log prices paid to plantation owners).

New Zealand's first plantation efforts in the 1920s and 1930s were State driven (for strategic and domestic conservation reasons). In the market economy of the 1990s almost all planting is primarily for economic reasons (although there may be favourable strategic and conservation implications). As we become a more global market economy, forest and energy conservation is best served by a freer rather than a more restrictive market place.

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