

ARTICLE FOR DOMINION POST

MAGNITUDE OF CHINESE WOOD PRODUCT MARKET HITS HOME

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With the who's who of China trade in Auckland last week at the Gateway to China Trade Summit, it's timely to think about what China's wood products market has to offer New Zealand's forestry sector.

I've just returned from a trip to China where the magnitude of what a free trade deal will mean for our industry has really hit home.

The prospect of a comprehensive FTA with China is hot news, but, like other sectors, New Zealand's forestry industry has been developing business in China for years.

China is our fifth largest market with exports valued around \$376 million and we know that there is plenty of opportunity to grow that even further.

Exports include logs, sawn timber, fibreboard, mechanical and chemical pulp and packaging. There is also a small but growing market for structural engineered wood products.

Earlier this year New Zealand Radiata Pine was listed in the newly released Timber Design Code.

That important breakthrough paved the way for New Zealand to enter the expanding market for light timber frame construction but some of the requirements of the Code continued to discriminate against radiata.

To address these concerns, the Government and the Forest Industries Council have worked closely with China's Ministry of Construction in Beijing and maintained close co-operation with the agency in Chengdu responsible for preparing the Code.

To their great credit, the Chinese authorities have been exemplary in listening to New Zealand's views - an indication, surely, of the respect and seriousness with which we as a country are being viewed in China these days.

We readily took up an invitation to be involved with other countries in the publication of a Timber Construction Handbook, which will be used as a working guide for the industry to the actual Timber Design Code.

The Handbook includes an updated species description, revised data on the strength and stiffness of Radiata, and elaborates on durability requirements, particularly for insect hazards such as termites. All these elements are to be taken up formally in a revision to the Code promised to be completed by mid 2005.

In Chengdu I met with the committee responsible for preparing the Handbook and signed an agreement for another project to develop a Chinese standard for the acceptance and use of machine stress rated (MSR) structural dimension lumber. It will provide an alternative grading methodology, very similar to the New Zealand MSR practice, to the visual dimension system currently used in China.

By being closely involved in this way, we believe we can influence market acceptance for standard New Zealand Radiata Pine and for New Zealand timber building systems and solutions.

Ten years ago, China was the seventh largest importer of forest products. Today it is the second. The value of Chinese forest product imports has increased from US\$4.7 billion in 1995 to almost US\$13 billion in 2003. The country imports the equivalent of more than 4 times New Zealand's total annual harvest!

To gain a better understanding of wood product use in China I visited a number of timber businesses and construction sites in Beijing.

In 2001 Beijing had an astonishing 89 million m² under construction. Even with the current squeeze on liquidity that figure seems set to expand with the demands of huge projects like the 2008 Beijing Olympics.

In the market New Zealand solidwood products compete head-to-head with Russian, Scandinavian and North American sourced spruce, fir and other coniferous species.

Trying to find appropriate niche markets for New Zealand's products will be no easy task but the industry is well served in the market by highly competent staff at the NZ Embassy and NZ Trade and Enterprise.

With the support of NZTE planning is underway for an industry-only workshop to be held in Rotorua 11-12 November where attention will turn to how best to develop a co-operative market approach for China.

All these initiatives are aimed at securing the position of New Zealand Radiata Pine in advance of the conclusion of free trade negotiations.

We want to ensure that the forestry and wood processing sector is represented as strongly as possible in the negotiation of the FTA and we will continue our own work to take advantage of some of the vast potential that the Chinese wood product market offers.

724 words