

China interest in NZ forest and timber processing investment

The largest ever New Zealand forest industry delegation to China's showcase Global Wood Trade Conference has made the case for more investment in New Zealand forestry and timber processing.

Forest Owners Association President, Peter Weir has told delegates at Chongqing that more timber processing in New Zealand, before export, reduced the overall energy and carbon emissions required to produce and transport the finished product.

"There's also a particular opportunity for primary processing of pruned logs in New Zealand rather than the current approach of mixing quality logs with sap-degraded logs and a subsequent loss of value by both parties." Peter Weir said.

New Zealand Forestry Minister, Shane Jones told the conference New Zealand is heavily reliant on access to foreign capital and also has a need to substantially increase its forest reserves.

He said this is behind the government creating a more streamlined process for investment in forestry using foreign capital and this creates a special opportunity for those interested in working with New Zealand. He invited potential investors to consider connecting with the New Zealand industry representatives.

This invitation from Shane Jones comes at a time when there is increasing concern in China with the implications of the US tariffs. Numerous Chinese speakers at the conference referred to the trade war with the US and that they anticipated this to be a long drawn out battle. Commentators at the conference believe the impact of increased US tariffs could cost China 1.5% of its GDP.

On the positive side, potential Chinese investors acknowledged the US trade problems were an opportunity to strengthen other trading partnerships and thus welcomed the invitation from Shane Jones.

New Zealand Forest growers and processors report constructive engagement with members of the China Timber and Wood Products Distribution Association - the hosts of the Chongqing Conference. The CTWPD has thousands of members across China and there has been interest from the Chinese members in both the opportunities to invest in forests and processing in New Zealand, as well as securing additional wood supply.

A number of the CTWPD group have expressed interest in a reciprocal visit to New Zealand later in the year to follow up on some of these options.

Source: Forest Owners Association