

THE NEW ZEALAND FOREST PRODUCTS INDUSTRY REVIEW

2010 Edition



12 year old radiata pine pruned to 10 metres, Bay of Plenty, New Zealand

FOR FULL TABLE OF CONTENTS GO TO www.dana.co.nz

THE NEW ZEALAND FOREST PRODUCTS INDUSTRY REVIEW

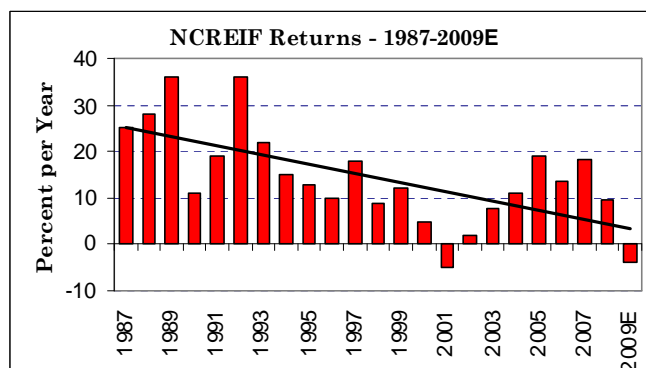
The 2010 edition of *"The New Zealand Forest Products Industry Review"* is the **8th published by DANA Publishing**.

This Review has become an important tool for forest owners, solidwood and fibre processors, importers and exporters, competitors, consultants, researchers and government departments. The Review is more than **220 pages** and provides more than **150 tables and charts**. The review profiles/identifies **68 plantation forest owners** (from 1,000 ha to 290,000 ha), together with more than **90 sawmills**; and all engineered wood products and pulp and paper facilities.

Most New Zealand "industrial" forests now have overseas owners: TIMOs, REITS, Funds, Companies and Families. N.Z. is by far the most attractive Overseas TIMO fund recipient. Why?

Most international forest investors watch the USA-based NCREIF returns closely. But, where does New Zealand investment fit in? Superior growth = better returns? IRR return trends for radiata pine are provided for 1992, 2001, 2004, 2009.

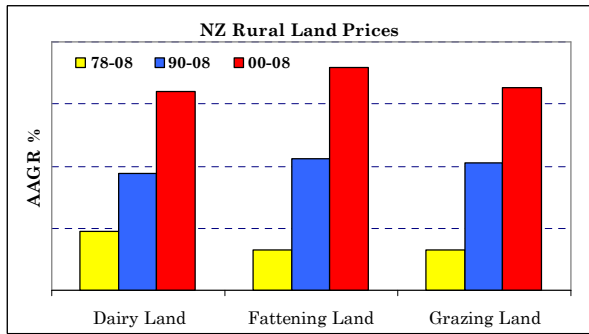
Invested (Selection)	Invested (Selection)	Looked/Looking
Global Forest Partners	Oji Paper	A
GMO RR	Ernslaw One	B
Rayonier	Samling	C
Deutsche Bank	OTPP	D
HTRG	Juken NZ	E
Phaunos Timber Fund	Cambium Timber/NF	And More
Blakely Pacific	Pacific Trees	
Grandy Lake Forest	Pelham Trustees	
NZ Forestry Co.	NZ Redwood Co.	



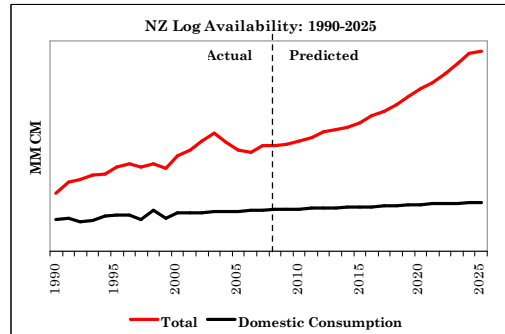
Report Chapters

Introduction:	
Business and Politics:	Economic indicators, government, five performance benchmarks , exchange rate trends
Plantation History:	Historical Government dominance replaced by private investment. Major expansion in 1990s turns to net depletion. Why? Species mix.
Forest Resources:	The wall of wood: What wall? Harvests have actually reduced for most of this decade. Why? Harvest projections for 10 NZ regions out to 2040; and nationally to 2025.
Forest Ownership:	Summary of 68 owners including regional holdings. Profiles provided of over 30 players, in the most comprehensive description publicly available.
Plantation Management & Returns:	Updated Radiata pine, D. fir, Eucalypt and Redwood costs/returns. Possible carbon + forest returns. Comparison of radiata pine regime IRRs 1992, 2001, 2004, 2009. Risks.
Harvesting – Logs – Woodchips:	Production trends to 2009, for domestic and export logs. Contributions to the major markets of Japan, Korea, India and China. Long term \$2009 real price trends for six domestic and export grades. Log Exporters. W/Chip export players, statistics and prices.
Pulp & Paper:	Players, capacity, production, ownership changes, future direction. While Chile, Brazil, Uruguay, South Africa and China expand aggressively, N.Z. decides to shrink. Why?
Solidwood Products:	Production, export and consumption trends for sawn timber (lumber). More than 90 sawmill producers are profiled in the most comprehensive description publicly available. The important Australian, US, Japanese and Chinese markets are summarised. N.Z. share of radiata pine lumber production has shrunk from 50% to 34% since 1999. Why?
Engineered Wood Products:	Plywood/LVL/MDF/Particleboard. Players, expansions, markets, prospects. But LVL challenges? What happened to the MDF industry?
Environment – Carbon:	RMA: forest industry expansion decisions. FSC, N.Z. ETS and PFSI investment opportunities. First N.Z. carbon forest syndicate fund.
Investment Opportunities:	Rural land, plantations (production and carbon forests), sawmilling, other processing, pulp and paper. Regional Reviews.
Conclusions:	

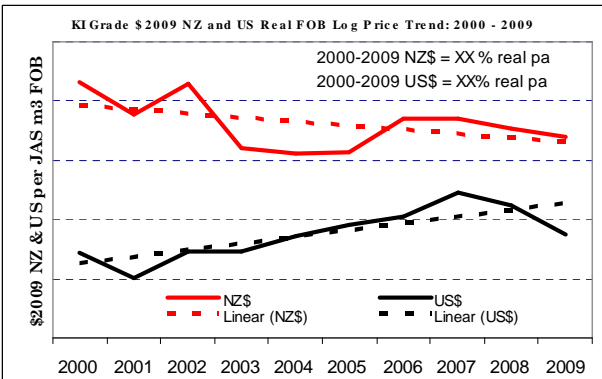
NZ rural land prices have escalated sharply, especially this decade. Can trees compete? Are "massive" HBU returns available when forests are sold? If not – then why not?



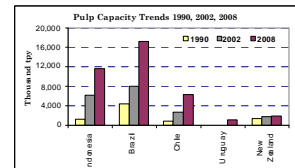
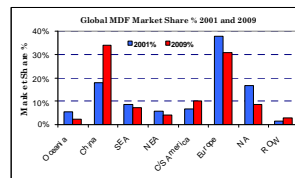
Resources: A detailed 10- region wood availability analysis update is provided, and a national projection.



N.Z. log prices have not fitted the expected mould over decades – but is the grief only in NZ\$? Several long term price trends are provided – here is just one



While several countries have had booming MDF and pulp industry expansions, their N.Z. counterparts have stagnated over the last 20 years. Why?



About the Author: Mr. Dennis Neilson is a Director of the New Zealand- based international forest industry advisory and publishing firm, DANA Limited. Before founding DANA in 1992, he held a number of management positions with Fletcher Challenge Ltd. in its forestry and pulp and paper sectors. DANA has undertaken resources, strategic planning, investment and marketing assignments for clients in Oceania, North and Latin America, Africa, Asia and Europe. He was involved in attracting the first US TIMO funds to New Zealand, and co-owned a forest investment fund company for several years. His 30 year experience working in, and observing the N.Z. forestry sector provides a unique insight into the sector, and its strengths and weaknesses. DANA Publishing has produced multi-client Reviews on the forest industry sectors of New Zealand, Australia, South Africa, Chile, Argentina, Uruguay, Paraguay, Japan, Russia, Korea and Malaysia/Indonesia. DANA has also co-authored/published comprehensive Reviews on: *Wood Supply and Demand Trends in the Pacific Rim*, *The International Woodfibre Trade* (annually for 19 years), *The International Tree Farm and Managed Forest Industry* (1997, 2003 and 2007) and *International Timberland Ownership and Investment* (2004, 2006, 2008 and 2009). DANA has also published Reviews on the *International Tree Based Carbon Offset Industry* (2008) and the *Australian Agribusiness MIS Industry* (2009).

Sawmilling: More than 30 sawmills shut from 2003-2008 with more than 1.1 MMCM of annual capacity lost. Probably no other country has lost such a large percentage of its sawmill capacity. What gives?

Region	Mill	Log 000 CM	Lumber 000 CM	Region	Mill	Log 000 CM	Lumber 000 CM
					Taranaki Tongariro		
NTH	CBM			N-M	Harvey Wood		
NTH	Eastfield			CN	Ashburton Timber		
NTH	Kaitiaki Timber			CN	Keighleys Canterbury		
CMJ	CHH - Kopu			W-C	Coastpine Sawmill		
CNI	CHH - Putaruru			W-C	Manahua Sawmilling		
CNI	CHH - Tokoroa			W-C	W Whirev and Co		
CNI	CHH R.M			O-S	AJS		
CNI	Finnsaw			O-S	Blue Mountain		
CNI	Hunters Creek			O-S	Bright Wood		
CNI	Lakesaw			O-S	Bruce Sawmilling		
CNI	Matangi Sawmills			O-S	Central Otago Libr		
CNI	Tanner Tairua			O-S	Naseby Lumber		
CNI	Taumatanui SM			O-S	North Otago SM		
SNI	Allied Pine						
SNI	Kaimata Sawmills				TOTAL		

In late- 2009 N.Z. passed the world's first Kyoto compliant, tree offset Emissions Trading Scheme (ETS). Some are sceptical about its effectiveness, but will it encourage major new forestry expansion?



ORDER FORM

THE NEW ZEALAND FOREST PRODUCTS INDUSTRY REVIEW: 2010 EDITION

POSTAL ADDRESS	TELEPHONE	FACSIMILE	E-MAIL ADDRESS
DANA Limited, PO Box 392, Rotorua, New Zealand 3040	+64 7 349 2764	+64 7 349 2763	jan@dana.co.nz

INTERNATIONAL TIMBERLANDS OWNERSHIP AND INVESTMENT REVIEW - 2010	QUANTITY	TOTAL
First hard copy:		
NZ subscribers		
Second/Subsequent hard copies		
NZ subscribers		
PDF Version		
NZ subscribers		
Overseas shipping options (hard copies):		
Regular		US\$ 20
Courier		US\$ 45
TOTAL		

Note: The Review comes with a full money back guarantee if you conclude that it is not value for money.

PAYMENT OPTIONS: (Please tick)

Credit Card:	<input type="checkbox"/> VISA	<input type="checkbox"/> MASTERCARD
[Name on card:		
Card No	Expiry:
[Electronic transfer to overseas account		
Bank of New Zealand, Cnr Fenton & Hinemoa Streets, Rotorua, New Zealand		
A/c name: DANA Limited	A/c number: 1000-770-789-000	Swift Code: BKNZNZ22
I enclose a check (all checks made payable to DANA Limited)		
[Note: US\$ cheques must be drawn on a USA- based bank		

YOUR DETAILS

Name:	
Position:	
Company:	
Address:	
Address:	
Country:	
Telephone: +	Facsimile: +
E-Mail:	

General Contract Provisions

All publications of DANA Publishing are subject to the copyright laws of Australia, the United States and Canada. Reproduction of the report in any form is forbidden. Distribution of the analysis by the purchaser, other than within the company or organization purchasing the study is forbidden. The report represents the best judgement of the study authors based on the information and data available prior to publication. While every effort is made to ensure the accuracy of the information contained herein, no liability is accepted for any errors or omissions or any opinions expressed or recommendations made in this analysis.