



10 April 2018

New Zealand Environmental Protection Agency
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Wellington
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SUBMISSION ON APPLICATION BY DRASLOVKA FOR APPROVAL TO REGISTER AND IMPORT ETHANEDINITRILE (EDN) INTO NEW ZEALAND; APPLICATION APP202804

Introduction

Matariki Forests is a New Zealand registered unlimited liability forestry joint venture company incorporated in 2005 and is owned by Rayonier Inc (76.99%) and Phaunos Timber Fund Ltd (23.01%). It manages approximately 120,000 hectares of Timberland, directly or indirectly employs approximately 700 people and is a significant exporter of logs into Asian markets.

Submission

Matariki **supports** this application to the EPA for the use of EDN as a fumigant for wood and timber products.

New Zealand log and timber exporters need an alternative for methyl bromide. As a company, Matariki is very concerned that methyl bromide may no longer be available for use in the future. Matariki currently exports approximately

- 2.1 million tonnes annually to China and 233,000 tonnes to India
- 21% of Matariki's exports in an average year are treated with methyl bromide.

Matariki's exports are sourced from the Northland, Bay of Plenty, Southern North Island, Canterbury and Otago/Southland regions through Northport, Port of Tauranga, Eastland Port, Port of Napier, Centreport, Post of Lyttlelton, Primeport Timaru, Port of Otago and Southport.

If Matariki was unable to export the logs currently treated with methyl bromide not only would Matariki's profitability be affected but the number of people it employs and sub contracts

would be impacted and have to be proportionally reduced. New Zealand's domestic markets are not large enough to utilise all of the volume and log grades produced.

Matariki is also concerned the flow on effects of being unable to export these logs would compound the negative impacts on its business. Specifically:

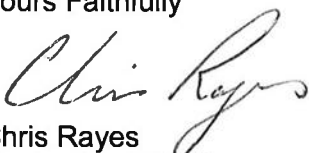
- the domestic price Matariki receives for wood and wood products will fall due to an oversupply of log products
- export prices for wood products will not increase due to competition from other countries
- the value of the Matariki estate may be negatively affected as forestry values are reduced
- the attractiveness of forestry as an investment category in New Zealand will be reduced as the impact of this decision becomes known across the investment community
- this may negatively impact on the Governments stated goals of planting 1 billion trees over the next 10 years

Even if the work on a recapture system for methyl bromide is successful, Matariki anticipates the need to recapture methyl bromide will have a negative effect on the entire supply chain. Any additional costs borne by New Zealand companies cannot be recovered from the purchaser. Specifically

- Recapture will double the cost of methyl bromide fumigations
- The additional costs of recapture system is likely to have a significant effect on our businesses profitability
- The additional time required for recapture to be undertaken will have a significant effect on the movement of logs on the port. The three main ports involved in log export are already congested so if logs need to spend more time on the port additional land will be needed for port activities. Any additional cost to the port companies will quickly be passed on to exporters

If you have any queries in relation to this submission please contact me on 09 357 9123, 021 730 624 or email chris.rayes@rayonier.com

Yours Faithfully


Chris Rayes
Marketing Director