

4 November 2020

New Zealand Environmental Protection Agency

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Wellington

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COMMENTS REGARDING THE APPLICATION FOR A FURTHER WAIVER EXTENSION OF METHYL BROMIDE IN RESPONSE TO DMC DIRECTION AND MINUTE WGT025-20201029 OCTOBER 2020; APPLICATION APP203660

Introduction

Matariki Forests response to the DMC request for comments regarding a further WAIVER extension to 28 October 2021.

Submission

Matariki believes the reasons raised in the original submission, list below are still as valid today and a further waiver extension is warranted. If a further WAIVER extension is withheld Matariki will be forced to cease log exports to the Indian log market.

Matariki believe granting a further WAIVER extension to 28 October 2021 will not cause any undue prejudice.

Recap of key points

New Zealand log and timber exporters need an alternative for methyl bromide. As a company, Matariki is very concerned 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 (**Matariki is forecasting a 30% lift in export volume to India in 2021**)
- 21% of Matariki's exports in an average year are treated with methyl bromide
- There are currently no alternative treatments available to meet the importing country phytosanitary requirements for India or China (On "Deck") post 28th April 2021. This will have a significant negative impact on the commercial viability of the total log export program recovering from the impact of Covid-19
- Industry needs to continue to function until a clear direction is provided regarding the recapture specifications for methyl bromide and alternative phytosanitary treatments are available to meet the ICPR requirements

- Without the further waiver approval Matariki Forests plan to load its last shipment of New Zealand logs to India in January/February 2021
- Deck cargo for China vessels will cease on or before 28 March 2021 unless the further waiver is approved

Matariki's exports are sourced from the Northland, Bay of Plenty, Canterbury and Otago/Southland regions through Northport, Port of Tauranga, Port of Napier, Port of Lyttelton, Primeport Timaru 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 the volume and log grades produced.

Matariki is also concerned the flow on effects of being unable to export New Zealand 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

If you have any queries in relation to this submission please contact me on [REDACTED] or email [REDACTED]

Yours sincerely



Chris Rayes
Marketing Director