

16 June 2020

New Zealand Environmental Protection Agency

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SUBMISSION ON MODIFIED REASSESSMENT OF METHYL BROMIDE IN RESPONSE TO DMC DIRECTION AND MINUTE WGT013.-2 JUNE 2020; APPLICATION APP203660

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 Stafford Capital Partners Ltd (23.01%). It manages approximately 119,000 hectares of plantation forests, directly or indirectly employs approximately 700 people and is a significant supplier to the domestic wood processing industry and exporter of New Zealand logs to Asian markets.

Submission

Matariki believes the WAIVER for the extension of the 2010 decision relating to the use of methyl bromide should be granted without further delay by the DMC until such time as EDN is approved for use by the EPA as well as the importing countries.

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
- 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 October 2020. 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 waiver approval Matariki Forests is loading its last shipment of New Zealand logs to India in June 2020
- Deck cargo for China vessels will cease on or before 28 October 2020 unless the 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