

Building business in the marketplace for sustainable beech forest management

-Review of Beech Industry Seminar, December 5, 2003

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Background

A New Zealand Beech Industry Seminar was convened at the School of Forestry, University of Canterbury on 5 December, 2003. The seminar title, *Building Business in the Marketplace for Sustainable Beech Forest Management*, provided a sequel to two workshops: (1) *Beech Forest Management: Advancing the State of the Art* (17 April 1998) and (2) *The Silver Beech Business: Building Markets* (17 April 2003).

The purpose of the seminar was to summarise ongoing research under the New Zealand Government funded FRST project "Sustainability on Maori-owned Indigenous Forest". This research initiated in 1996 by Dr. Nora Devoe of the School of Forestry focused on managing beech forests to achieve sustainability and on expanding market opportunities for beech wood products. An important aspect of the project is Maori ownership of forests.

The central focus of the research project has been the SILNA lands, lands deeded to Maori under the South Island Landless Natives Act (SILNA) 1906. These landholders are exempt from the provisions of the Forest Amendment Act of 1993 which, on other lands, governs the management of indigenous forests. The exemption for SILNA owners means they can clearfell, within restrictions exercised under the RMA (Resource Management Act), if they so choose.

The SILNA community of forest owners supported and participated in the project from its inception. With these landowners and with non-Maori landowners from the NZ Farm Forestry Association, an examination was initiated by Dr. Devoe of the basis for sustainable forest management in NZ beech forests.

The project vision of sustainability includes social, economic and ecological dimensions. As the SILNA landowners have greater latitude in management choices than others, their experiences have been especially relevant to the social and cultural considerations of sustainability. As beech landowners new to the timber business, they have special economic considerations that are widely relevant to developing the indigenous forestry sector. About half of the beech forest available for production

is on Maori land.

High quality silvicultural management and ecological monitoring is expensive relative to the returns from beech timber. If landowners are to practise the type of management preferred by the experts, then the industry needs to find ways to make more money in the timber business. The focus for the past year has been on marketing, and the intent of the seminar was to share the results and look for future directions.

Seminar highlights

Seminar attendees included 30 members of the industry (growers and processors), MAF – Indigenous Forestry Unit, NZ Trade & Enterprise, members of the Indigenous Standards Committee and project team members.

The seminar opened with Ken McAnergny's Karakia. The introduction and overall project history was presented by Ashley Sparrow, Project Leader and Head of the School of Biological Sciences. John Southerwood and Ken McAnergny (SILNA) provided a Maori vision of native forest and the cultural importance of sustainability. The present day need is for empowerment over their forest resources so that it benefits all their people.

Following this introduction research highlights were reviewed:

Tawhai Chair Project

This initiative was reviewed by Ken McAnergny. This project supported development of FSC-labelled 'cafe style' silver beech chairs with the intention of obtaining a supply contract to large commercial interests which support sustainability and related social issues.

Web-site www.nativehardwoods.co.nz.

The project funded a website that was launched in December 2003, just after the seminar. The website was developed by Lignus Communications Ltd. with the help of the participants with Lee Ewing as responsible manager. Lee reviewed the marketing motivation behind launching the website and gave a live link demonstration to the conference. The site links together key suppliers and industry backers to provide opportunities for volume-driven foreign markets.

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Overseas market report for EU

Karl Thompson, a recently completed Masters student at the School of Forestry presented key findings of his thesis entitled "Market access for NZ silver beech in Europe". His 2003 research encompassed 11 Western European markets and detailed qualitative data from 30 influential players in the hardwood market. FSC certification was viewed as a key product attribute for market access and this is likely to increase in the future with current premiums in the 5% range. However, environmental certification is still a case-by-case issue in EU markets. Some markets, such as the UK, report that it will be a default requirement within 5 years time.

The need for a branding strategy to remove confusion with European beech and to avoid equivalent pricing (lower prices) was a key conclusion. It was generally acknowledged that NZ silver beech was a superior wood in terms of quality compared to European beech. Specific observations were reported on a product positioning strategy among the various hardwood species along with suggested pricing levels.

Overseas market report for US and other export markets

Iain Macdonald, General Manager of Gowan Hills Ltd., reviewed his path into the industry and frustrations of a disjointed New Zealand domestic market which created the necessity to obtain overseas market outlets. He discussed a recent marketing trip to the US and was very enthusiastic of the potential "high-end" (maple – level and above) market available to NZ beech producers, including eco-labelled fine furniture.

Product and market perspective for engineered flooring

Ron Hickmott, General Manager of Interior Timber Products, reviewed his company's developments given their focus on the "total interior" wood-finishing package – flooring, doors, windows, and mouldings. He demonstrated a variety of engineered flooring products and was very enthusiastic about future market gains especially in the US, UK, and high-end NZ projects. They are putting more and more beech into the market, and are very aware of the markets changeable nature due to colour fashion.

Government perspective on beech from a forestry perspective

Tony Newton, Head of the Indigenous Forestry Unit of the Ministry of Agriculture and Forestry (IFU-MAF) reviewed current sustainable forest management legislation in NZ and indicated that the current legislation (Forest Amendment Act) is "not far off FSC requirements", with only sociological and economic factors required to be

added in order to match FSC guidelines. He also raised the important issue of the increasing imports to NZ of cheap unsustainably produced wood products that are adversely impacting on the "sustainably managed" domestic industry.

NZ Trade & Enterprise viewpoint on exporting beech products

Stuart McGeorge, Section Team Manager NZT&E, acknowledged the advances being made by beech exporters and indicated further support would be provided for market orientated research. He also suggested that forest owners be questioned on what R&D was most essential.

Next steps

The day's proceedings focused on what had been achieved since the start of the 1996 FRST-funded program, and concluded with a discussion of what further research was needed to achieve the primary goals including "owner empowerment for the sustainable management of New Zealand's native forests". Clearly additional marketing research and pro-active marketing activities are required.

The following next steps were reviewed:

1. Now that the FRST project had finished it was important that the whole industry got behind and supported the SILNA community and the School of Forestry in applying to the Sustainable Farming Fund (SFF), so that the research could be continued and pro-active marketing activities initiated. The School of Forestry appeared to be the appropriate group to continue the project.
2. There was a view that greater integration was needed between present researchers and the initial beech management research involving various parties, including Landcare Research.
3. There was general agreement that future research should focus on marketing activities. This relates back to the primary goal of "owner-empowerment" and the desire to return a greater percentage of the economic gains back to the forest owners.
4. It was also suggested that a "showcase forest", e.g. New Zealand sustainably managed forest, be used for marketing purposes when visiting foreign buyers travel to New Zealand. As Ron Hickmott stated, a "story" and total package is needed to make marketing successful. That is, "This is New Zealand Sustainable Forest Management and these are the various social, ecological, and economic benefits being achieved if you purchase our products."

The seminar had many positive outcomes, none more important than the general intention of the key players to operate in the market place on a more mutually beneficial basis, in particular in sourcing attractive "high-end" markets overseas.