

## Olsen FSC News

March 06

### FSC Gaining Traction in Market

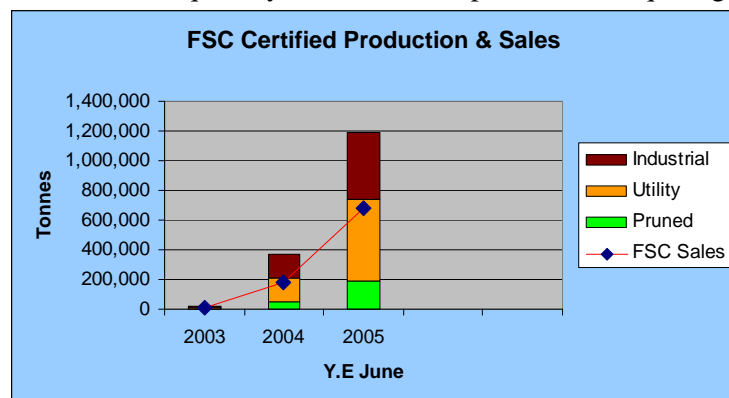
While certification under the umbrella of the Forest Stewardship Council (FSC) remains controversial within the New Zealand Forestry Sector, there remain underlying currents that continue to reinforce a trend toward certification becoming a relevant component of forest management.

Presently, over 42% of New Zealand's plantation resource is FSC certified, and other parties are looking to obtain some form of certification over large areas in order to satisfy a degree of market selectivity. In addition there are other factors at play, namely;

1. Significant or dominant FSC processors in some wood supply catchments creating a pressure for FSC supplies and leading to transport differentials in favour of FSC logs.
2. Changes afoot in FSC chain of custody labelling rules that that are being geared to try to stop inputs of illegal wood under the FSC mixed label and also create more incentive to increase usage of FSC wood. The latter issue has already been reflected in the announcements of one major processor to go 100% FSC with consequential downstream ripple effects upon suppliers including those supplying presently uncertified sawmill residue.
3. While limited in extent, export market opportunities are now presenting with a defined (and significant) per tonne premium for FSC logs, resulting in significant bottom line opportunities for forest growers.

As the graph below shows, within Olsens, as the FSC Group Scheme has grown, so too have harvest levels from Certified Forests and the quantity sold as FSC product to requiring customers.

There is a sense that with these trends in play, the role of certification will continue and will become more important; at the very least as a means of ensuring you can sell your log products when you want and at the going market rate if not better.



The fact remains however that much of the future private resource in the hands of the non-corporate sector and for them certification can seem difficult and expensive. To try to cater better for this market, Olsens has been working hard to develop their Group Scheme processes and pricing to accommodate both corporate and individual scaled forest holdings. More information can be seen in the recently upgraded FSC section of the Olsens' website [www.pfolsen.co.nz](http://www.pfolsen.co.nz).