

FOREST & WOOD STRATEGIC REVIEW 2011

A comprehensive analysis of the
opportunities & growth constraints of the
Australian forest & wood products industry



Forest & Wood Strategic Review 2011



A Comprehensive Analysis of the Australian Forest & Wood Products Industry – Its Opportunities & Growth Constraints

The *Forest & Wood Strategic Review 2011* is the 8th in the series spanning 16 years.

Underpinned by quantitative data and analysis that has been confirmed in the field, the Review's incisive and focussed qualitative strategic analysis is comprehensive across all sectors of the Australian industry.

Key points from the *Forest & Wood Strategic Review 2011*:

- Australia's deficit in domestically supplied sawn softwood is growing against a static supply base, heralding increasing imports assisted by a strong Australian dollar
- The end of an era for MIS driven expansion of short rotation plantations
- Changing ownership of plantation resources brings revised business strategies, including potentially limited second rotations
- The balance of trade deficit continues to grow but there are no clear policies to encourage investment

The Review includes insightful commentary that gets to the fundamentals of key issues. For example, on the future of the global woodchip trade:

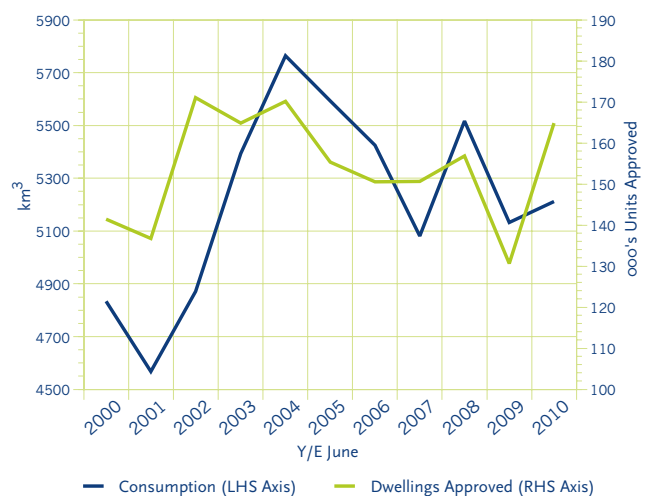
"The difficulty in the trade of woodchip exports is that both the suppliers and buyers of Australian sourced woodchips have ended the decade worse off. The exporters have not been able to maintain sufficient prices to cover inflationary pressures, while the buyers have increasingly paid more in domestic currencies, especially in Yen, as the exchange rate for the Australian dollar has strengthened on the back of increased demand for Australian resources and relatively high domestic interest rates."

Drawing on the long standing experience of the IndustryEdge team and the expertise developed in multiple sectors, the *Forest & Wood Strategic Review 2011* boasts the most comprehensive and inter-related analysis and commentary.

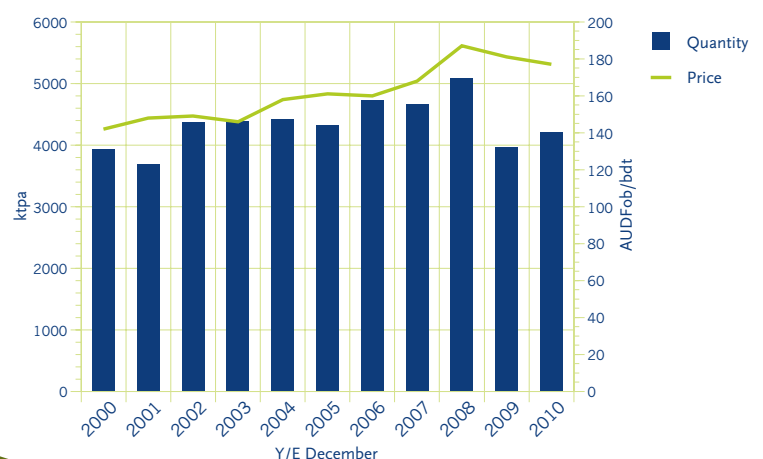
Detailed assessment is provided of the potential for bio-energy in Australia, including analysis of the impact of the intended 'price on carbon', the role of Renewable Energy Credits and the new Carbon Farming Initiative.

See the back cover for a subscription form. A range of packages are available for existing subscribers to IndustryEdge publications and services.

SAWNWOOD CONSUMPTION VS DWELLINGS APPROVED



HARDWOOD CHIP EXPORTS



IndustryEdge Team



ROBERT EASTMENT

Robert Eastment is the Managing Director of IndustryEdge and a professional economist and forester. IndustryEdge provides market related professional services to industry, both corporate and commercial, and governments with interests in the Australasian forestry, pulp and paper sectors.

Robert has a strong background in the corporate finance sector in Australia, as well as Asia and Europe. He is the editor of the monthly market intelligence report *Pulp and Paper Edge*, the annual *Pulp and Paper Strategic Review* and the bi-annual *Forest and Wood Strategic Review*.

He is also co-author of *CarbonEdge*, the bi-monthly Australian carbon market intelligence report.

He has an intimate knowledge of the pulp, paper and forestry sectors in Australia and New Zealand.

TIM WOODS

Tim Woods is a Director of IndustryEdge and Principal of Fitzpatrick Woods Consulting, a strategy and sustainable development consulting firm that is focused on the land, forestry and pulp and paper sectors.

Tim has expertise in business strategy, industry policy, government and public relations and communications. He was formerly Chairperson of the superannuation fund for the pulp and paper industry and continues to chair a number of the industry's specialist committees.

He is editor of *CarbonEdge* and a contributing author to IndustryEdge publications.

In addition to more than twenty years of Australian experience, Tim has practical expertise in the Asia Pacific region.

Data compiled with industry

Only IndustryEdge goes beyond the government statistics and into the field to adjust all data with the industry realities. The *Forest & Wood Strategic Review 2011* is the most up to date and accurate

source of information available in Australia. It contains data that government agencies are yet to collect, let alone report and all of it has been confirmed by industry leaders.

EXECUTIVE SUMMARY

Strategic Considerations
Softwood Resources
Hardwood Resources
Trade and Markets Ever More Complex
Smaller Sectors and Specialty Products
Trends and Forecasts

Softwood Pulpwood
Log Exports
Log Pricing
Future Pulpwood Supplies

SAWNWOOD

International
Australia

PLYWOOD

Product Features
World Production
Australia
Industry Structure

MEDIUM DENSITY FIBREBOARD

World Production
Australia
Industry Structure

PARTICLEBOARD

Australia
By State
Industry Structure

VENEER

Decorative Veneers
Rotary Peeled Veneers

HARDBOARD

Product Manufacture and Features
World Production and Consumption
Australian Producers
Trade and Production

PULP, PAPER & PAPERBOARD

Pulp
Wastepaper
Paper & Paperboard
Australian Manufacturing Locations & Capacities

ALTERNATIVE METHODS OF WOOD UTILISATION: BIOMASS ENERGY

Overview
Considerations Around Biomass Utilisation for Energy
Conclusion

THE BIOMASS PELLET MARKET

Uses of Biomass Pellets
Grades of Biomass Pellets
Feedstock
Wood Pellet Demand
Wood Pellet Production
Conclusions

STATE FOREST ENTITIES

Forests NSW
VicForests
Queensland Forestry
ForestrySA
Forest Products Commission (WA)
Forestry Tasmania

ISSUES IMPORTANT TO THE AUSTRALIAN INDUSTRY

Carbon Pricing & Climate Change
The National Context to Carbon Pricing & Climate Change

Certification

Australian Government's Illegal Logging Policy Development Approach
Major Risk Factors for Plantations
Reduction in Native Forest Access
Forest Industry Employment & Skills Update
Consolidated Forest Industry Representation

PLANTATION RESOURCE BASE ARISING FROM MANAGED INVESTMENT SCHEME

Environinvest Pty Ltd
Forest Enterprises Australia Ltd
Great Southern Plantations Ltd
Gunns Ltd
Elders Forestry Ltd
Macquarie Alternative Asset Management Pty Ltd
Northern Tropical Timbers
Queensland Paulownia Forests Ltd
Rewards Group
Timbercorp Ltd (Purchased by Global Forest Products)
Willmott Forests

A VIEW OF THE FUTURE

TIMBER PROCESSING COMPANIES

INDUSTRY OVERVIEW

International Competitiveness
Industry Significance
Self-Sufficiency
Structure
Log Pricing

WORLD FOREST RESOURCE

Area
Wood Volume & Biomass
Apparent Consumption of Forest Products
The Role of Plantations

AUSTRALIA'S FOREST RESOURCE

Native Forests – Public and Private
Plantations – National, State & Territory
Forecast Potential Plantation
Log Supply

PULPWOOD & ROUNDWOOD

Roundwood Removals
Pulpwood Availability
Hardwood Pulpwood

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