# Is forestry a good investment?

Forestry is a good longer term investment.

**NZ forest industry**

Traditionally forests provide logs for the production of timber for construction and pulp for paper, tissues and packaging materials.

Global round-wood consumption was 1.7 billion cubes in 2005 and is projected to grow to 2.4 billion in 2030. One of the main drivers of growth is increased affluence in Asia leading to increased construction and use of packaging and tissue products.

The carbon properties of wood fibre make it an important source of raw material for biofuel and biopolymers.

Demand growth may escalate. However, supply is contracting.

Land area devoted to forest fell from 31.6 percent of total world land area in 1990 to 30.6 percent in 2015. Urbanisation and increased agricultural production have caused continual decline in levels of indigenous forest. Development of plantation forest levels has been slow to replace indigenous forests. Only 7 percent of total forest area is production forest.

New Zealand is a world leader in plantation forestry. It has a well-established research, silviculture, harvesting and export infrastructure. Due to favourable growing conditions, crop rotation is on a 26-30 year cycle. Other plantation nations have much longer cycles. Ninety percent of New Zealand's plantations are a species of pine known as Pinus Radiata. Pine is an accepted species across the world and accounts for 46 percent of the world's plantations.

New Zealanders are generally supportive of the industry. In addition to economic production and carbon sequestration, forests are important conservatories for land stabilisation, water collection and recreation.

On a financial level, carbon sequestration is becoming a key focus of overall returns.

The carbon dioxide absorbed by a growing forest remains stored within wood products used throughout the lifetime of the building structure or product. These properties are recognised to some extent in the Climate Change Response Act where credits can be earned for carbon sequestration. Credits not needed to meet harvest liabilities can be sold in the carbon market.

Overall, New Zealand emits 80 million tonnes of carbon per year, of which 42 million tonnes were emitted by non-agricultural parties most of which must match their emission levels with credits purchased. Plantation forests sequest and earn credits to the level of 30 million tonnes of carbon per year, making them an important source of credits for emitters.

**Farm forestry**

The Government has indicated that it wishes to see increased planting integrated into the landscape to complement and diversify existing land uses, rather than see large-scale land conversion to forestry.