



## MEDIA RELEASE

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### **Juken New Zealand Limited Proposing to Refocus Production at Gisborne and Wairarapa Wood-processing Mills to Boost Competitiveness and Secure Long-Term Future.**



*Caption: Juken's Matawhero Mill in Gisborne processes Radiata Pine from the company's East Coast Forests.*

Forestry and wood processing company, Juken New Zealand has today begun consulting employees at its Gisborne wood-processing mill about potential changes to the products made there in order to return the plant to profitability and secure its long-term future.

The Juken mill at Matawhero opened in 1994 and employs around 200 full time employees. The mill processes Radiata Pine from the company's East Coast forests to produce a range of [solid wood](#) and engineered wood products like Plywood, [LVL \(Laminated Veneer Lumber\)](#) and SLVL (veneer), mainly for the Japanese housing market.

At the same time, the company is also making changes to what it makes at its Wairarapa mill, increasing production of its 'J-frame' framing for the New Zealand housing and construction market and decreasing the specialist products made for the Japanese building market. These changes won't result in job losses for any of Juken's 222 permanent staff in Wairarapa.

General Manager of Juken, Dave Hilliard and other senior staff have been meeting local workers this afternoon to discuss the proposed changes and the reasons for them. He says there's been a significant drop in demand from Juken's main export market in Japan for Plywood and structural LVL building products in the past few years, which has seen these parts of Juken's New Zealand processing business operating at a loss.

"The Japanese housing market has been in decline and future demand for these products is not expected to improve because of the ageing population in Japan."

Hilliard says the company's Plywood is also increasingly unable to compete in the domestic and international markets against product out of large-scale wood processing plants from the likes of China and South America.



“All of our people have worked hard over the last five years to stay competitive, including increasing our New Zealand and Australian sales to reduce our reliance on the Japanese market, invested in a form-ply plant, reduced costs and hours of operation.”

Hilliard said despite these efforts, the mills current Plywood and LVL production capability and product mix doesn't match the volume and price required by customers – which has led to increasing losses from Ply and LVL production.

“Significant investment would be required to increase to a scale to compete internationally. At this time, there's just not the log or manufacturing volume of appropriate quality and price to justify that investment.”

The proposals presented to staff today would see the mills return to profitability to keep high-value wood processing jobs and investment in Gisborne and Wairarapa by refocusing on value-add products where there's strong customer demand and Juken has a competitive advantage, including its premium sawn clearwood products.

“One of Juken's advantages is that we process timber from our own forests on the East Coast and the Wairarapa. We're one of the few forestry companies in New Zealand who grow and process our own timber”.

In Gisborne, we've invested to move from unpruned logs suited to Plywood and SLVL (veneer) products to a greater proportion of pruned logs suited to higher value clearwood products used for high-end residential and commercial interior cabinetry, furniture, solid doors and feature walls.”

“We've also increased our investment in kilns for the Gisborne and Wairarapa mills so we can increase production from the sawline producing these clearwood products.”

“We're refocusing on producing high-quality solid wood products from both mills.”

“The solid wood saw milling and finishing lines in Gisborne would remain with increased investment over time to allow the mill to process all of Juken's unique pruned logs from its forests.”

“This investment will likely initially be in log handling and sawmilling, but could expand to include production processes that use the sawmilled lumber products.”

He said if the decision is made to go ahead with the changes in Gisborne the mill would stop producing Plywood and LVL products and reduce the manufacture of SLVL (veneer). Around 100 full time positions would remain at the Mill.

“We are consulting with staff and will be working closely with them as we work through this proposal”.

“The proposed changes in Gisborne, if implemented, will be difficult for our people, particularly as they come in the New Year. We'll be working with Government agencies and Gisborne iwi, civic, community and business leaders, over alternative employment opportunities for our people should the changes go ahead,” said Dave Hilliard.

Hilliard said the proposed changes would have no impact on Juken's forestry operations.

“We are committed to the future of the forest and wood processing industry and to developing our high-value timber processing and innovation business”.

“But, as an exporting manufacturer we have to ensure that our wood processing business is focussed on producing the right high value products to meet changing customer demand”.



The company advised staff that the consultation period in Gisborne would run for two weeks. After that it would consider feedback on the proposed changes before making any final decisions on the future structure and output of that mill.

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About [Juken New Zealand Limited](#)

- Juken has over 30,000 hectares of sustainably managed and certified plantation forests in East Coast and Wairarapa.
- It has four wood processing mills to produce advanced and innovative wood products timber products from its Radiata Pine forests in Kaitaia, Gisborne and Wairarapa for local and export markets.
- The company employees around 1000 people across its forestry and processing businesses in New Zealand.
- Juken makes a wide range of engineered wood (LVL, Plywood, Panels) and solid wood products for structural and non-structural building uses including external, internal appearance and non-appearance finishes.
- The company is owned by parent company WoodOne Ltd, a major international housing materials and componentry company, which has invested over \$NZ700 million into its forest and processing operations in New Zealand in the past 20 years.
- Juken New Zealand was established as a subsidiary of WoodOne by its founder Toshio Nakamoto in 1990.
- Toshio Nakamoto was awarded the New Zealand Order of Merit in June 2005 for services to New Zealand –Japanese Relations.
- WoodOne remains family owned by the Nakamoto family and Mr Nakamoto's son, Yousho is now the Chairman and Director of Juken New Zealand.