

Accelerating New Zealand's investment into biofuels

Te Uru Rākau is moving ahead with the next stage of research into creating a New Zealand biofuels industry, following a successful first stage, Director Sector Investments Jason Wilson announced.

"The Wood Fibre Futures project earlier this year identified viable wood-based alternatives to high carbon emitting products such as transport fuel, concrete, steel, and coal.

"Having identified the options, we are now looking to accelerate to stage 2 of the project, which will be to build business cases for attracting international investors to New Zealand."

Mr Wilson says there is considerable interest in biofuels and biomass energy from organisations such as Air New Zealand and Fonterra.

"We are now putting out a tender, seeking an organisation with extensive international contacts and experience that can develop compelling business cases for investing in the biofuels and solid fuels sector in New Zealand."

These business cases are expected to be completed by mid-2021 and will focus on wood-based products that will provide a large source of residues that can be used to produce 3 priority products identified in stage 1:

- biocrude oil
- liquid biofuels (such as sustainable aviation fuel)
- solid fuels such as wood pellets.

"We have a huge amount of pine in New Zealand that can be used to create these fuels, but we need to attract investment and prove that there is both the demand and a viable supply, and that is what we are aiming to do by developing these business cases," says Mr Wilson.

"The growing demand for alternatives to fossil fuels has the potential to transform the forestry sector into a provider of biofuels, bioenergy, and a range of renewable bioproducts alongside more traditional wood products.

"The government is committed to moving New Zealand to a low carbon future and forestry has a major role to play in that future."

Mr Wilson says biofuels will also have the added benefit of supporting regional development with biofuel manufacturing centres being in areas where forestry is prevalent.

"We are already seeing sizeable investment in wood pellets to replace coal use in New Zealand and this will only increase as the domestic carbon price rises.

"In North America and Europe, government policies targeting transport emissions are beginning to catalyse investment in biofuels, which also have the ability to benefit New Zealand economically and environmentally, and create employment in our regions."

Te Uru Rākau is leading this work as part of the Forestry and Wood Processing Industry Transformation Plan, which is 1 of 6 transformation projects given priority by the government.

The other 5 are construction (through the Construction Sector Accord), agritech, advanced manufacturing, food and beverage, and digital technologies.

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