

Phytos AGM and Work Update – December 2025

Welcome to another Phytos update.

AGM

Phytos held its third AGM as a new entity on Thursday 20 November.

The key agenda items included:

- a) The continuation of the Boards previous decision to reduce the Phytos levy rate from \$0.04/Tonne to \$0.02/Tonne as of 1 July 2025. This change reflects the Boards focus on balancing the need for appropriate funding to support the agreed work program & research projects, while working towards the objective to reduce retained earnings in what is a challenging export climate. Members were also presented with a forecasted retained earnings position for year ending 30 June 2026 of \$879,899 down from \$1,342,829. Based on membership feedback, the Board agreed to review the levy again in March 2026.
- b) The continuation of the \$100 pa Membership for non-levy paying interested parties.
- c) Confirmation of the re-appointed Secretary/Treasurer, being Brendon Gould.
- d) Reappointment of Phytos auditors being Baker Tilly Staples Rodway.
- e) Financial report including year-end estimate.
- f) Board membership confirmation, whereby Kerry Ellem (representing AVA Timber) was re-appointed as a log exporter representative. Kerry joins John Gardner (PFP) and Mark Procter (TPT) as the three log exporter representatives on the Board which also includes Hazel Honor (New Forests) representing forest owners that export logs, Robert Henare (Nga Pou a Tane) representing Maori forest owner interests and Brendan Gould representing the FOA who was also re-elected to the role of Secretary/Treasurer.

Independent Board Chair Don Hammond provided a verbal update covering the year in review which is summarised as follows.

Phytos, now well established, is the go-to entity when issues around phytosanitary treatments are discussed.

Our Executive Officer Matt has again done an outstanding job of ensuring the voice and needs of the log export sector are addressed in a professional and efficient manner.

While many other export sectors have faced considerable turmoil, especially from the US tariffs, our log exports have generally only been affected tangentially. That has come about through our logs being processed by countries like China and then exported to the US where they face tariffs on the finished goods. NZ would be well advised to maintain a very considered position on these matters. While this is not something that Phytos can directly influence, it nevertheless can impact our work

including the potential for rising non-tariff trade barriers. For these reasons, it is important for NZ to maintain the highest standards of phytosanitary research and treatment to protect our interests.

As with many other years, there is a lot going on. Matt will take us through some of the activities Phytos has been focused on and has been delivering so that our export trade can continue.

Notable work is happening with the single shot phosphine option, rising interest in India as an alternative destination to China for our logs and sustaining our existing options such as phosphine. New ideas have also come to the table such as SF (sulfuryl fluoride), further use of the insect colony at Plant and Food (now BSI), ongoing work with EDN, in line camera grading technology for debarking and the strengthening of the case for phosphine.

The wider forestry sector has also embraced the Governments desire to double the value of exports. This is not Phytos work but instead looks at how value can be improved from exports of wood fibre in whatever form. A potential flow on effect from this could be reduced volumes of logs being exported as more are used onshore for processing or energy and biomaterials. This does not detract from the work Phytos does to protect and enhance the phytosanitary options for logs to various countries, regardless of the volumes being exported. Export logs will remain a key sales option for most forest owners in the country. Log exports make up 60% of our total harvested volume and around 50% of export income from the forest sector. While total harvest volume has declined in recent years the volume of exported logs appears to have stabilised at around 20 million tonnes/year. It therefore remains essential to have pathways to market for this volume and to ensure we can meet importing countries requirements.

Recent wind events, firstly in the Central North Island and more recently in Tasman and Otago/Southland, highlight the need for and value of having the ability to export logs. This ability also supports the domestic processing sector where log grades that are not sought after locally can be exported.

It is also important to keep the costs associated with exporting logs including phytosanitary treatments as low as possible as the returns to the stump for the forest grower continue to be eroded, to the point where it no longer makes economic sense to plant trees without either the ETS to support the investment, or a belief that better returns can and will be achieved in the future.

I have served in the role of Chair, firstly for STIMBR and then through the transition to Phytos, which I now believe to be in a stable position both financially and in terms of its structure, strategy and Board. I would like to acknowledge the work everyone has put in to ensure we are in this place. This will be my last AGM as Chair. I will be stepping down and offer my best wishes to the organisation going forward. I remain nearby to provide whatever assistance is appropriate.

Finally, I want to acknowledge the huge effort put in by the Board and our Administration assistant but most of all, by Matt Hill as our Executive Officer. Much of what has been achieved over the year has been a result of a lot of focus from Matt and it is my view, Phytos is in very good hands.

It's worth noting, that as a result of Don's announcement to step down, the Board has a work program ahead to review the Constitution, review the role of the Chair and recruit Don's replacement. This work will commence in the New Year.

Following the formal AGM an update on the Phytos research and work programme was provided to a range of members and stakeholders. That presentation is also provided as part of this update. A more detailed update on key projects is as follows;

Debarking project update

- Led by Phytos, the debarking working group was established in response to Chinese customs (GACC) concerns related to pest interceptions on debarked consignments of NZ logs
- As part of our response, the working group agreed to develop and implement a quality assurance programme across debarking assets in New Zealand
- Phytos engaged an independent quality auditor to complete an audit of each site's QA system and log output process/results prior to May 2025.
- Work improvements based on these independent audits have been communicated and accepted by all debarkers as part of registering under the compulsory scheme.
- On this basis Phytos is now in a position to register compliant debarkers.
- The scheme document will oversee the debarking pathway from a phytosanitary certification perspective and will involve ongoing engagement with MPI, log exporters and the debarking sector group.

Next steps:

1. Sector group working with MPI to test traceability of logs from lot number to debarker to Phytos cert.
2. MPI consultation on changes to its Official Assurance Programme (OAP) as they relate to this project. Phytos has been advised that this task will most likely align with the new Trade Certification release in February 2026.

India, systems approach update

- The 'safe pathways - systems approach' is a series of risk mitigation measures steps (e.g., forest pest surveillance, phosphine treatment in hold) designed to mitigate the risks of target pests arriving in export destinations (e.g. India) on New Zealand logs
- In response to Indian requests, and in conjunction with forest owners, exporters, MPI and IVS, the 'safe pathways - systems approach' proposal has now been developed into a workable Official Assurance Programme (OAP) document.
- Work is underway to test the supply chain and traceability aspects of the system. It is likely that this project can leverage off the work involved with 'chain of custody for logs' that relates to the European Union Deforestation Regulations (EUDR)
- Indian officials have also requested a trial shipment of export logs under the 'safe pathways - systems approach' in 2026.
- On behalf of its members, Phytos has advised MPI that the industry is interested in the opportunity as a contingency pathway which would enhance trade resilience and continuity. Industry is also interested in engaging in a more detailed discussions regarding operational and risk management plans relating to a draft 'trial protocol'.
- Based on Industry feedback, there is an appetite for a trial in 2026, however, the key risks need to be managed carefully.

Phosphine literature review project

- The purpose of the project is to provide further coordinated evidence (published) that further strengthens the science behind the successful phosphine treatment pathway for NZ export logs.
- Phytos is currently developing two papers and will seek to have them published in the Journal of Economic Entomology. Specific referees will also review the papers.
- The project will deliver two phosphine literature review papers:
- 'Paper 1' - phosphine efficacy based on studies by Esfandi, Jamieson and others
- 'Paper 2' - factors affecting efficacy based on Wadell, Devitt and other literature
- Phytos has partnered with several reputable organisations in the development of this work including the newly named Bioeconomy Science Institute (BSI).

Further work updates

- Log exporters should consider separating their phytosanitary certification between top stow, in hold and treatment type. This will help to improve traceability in several areas
- Phytos and FOA have provided submissions on MPI's proposed changes to phytosanitary certification costs. These are set to increase with a timeline yet to be formally established.
- Following the successful outbound forestry and wood processing trade delegation to India, Minister McClay announced an inbound Indian delegation during February 2026. Phytos are advised more details will be communicated in the New Year.
- The use of single dose phosphine for logs in ship holds to China has begun. A 12-month review process is also built into this work.

Phytos continues to support and advocate for a range of relevant industry issues. If members do have issues that they would like to discuss then please feel free to get in touch with Matt (matt@phytos.co.nz).

Phytos



Sustainable
Phytosanitary
Solutions for
Wood Fibre

Vision and strategic pillars

Vision	World leading phytosanitary market access solutions for sustainable wood fibre		
Strategic pillars	Enhanced export market access solutions		Coordinated trade advocacy and communications
Key tactics	R&D program		Phytosanitary solutions for new markets

Our scope and stakeholders

Within the forestry sector we are exclusively focused on **log exports**

We have a broad set of stakeholders with different needs and requirements



Levy
payers



Ports



Growers



Log exporters



Regulators /
government



Service / treatment
providers e.g. chemical,
debarkers, fumigators,
stevedores/marshallers



Mana
whenua/community
groups



Forest Industry bodies
e.g. FOA, FPEC, FFA



Research
bodies



Importers and
overseas regulatory
authorities / NGO's



Other interested parties eg,
NGOs, primary sector

Future focus

1. Protect and strengthen phosphine

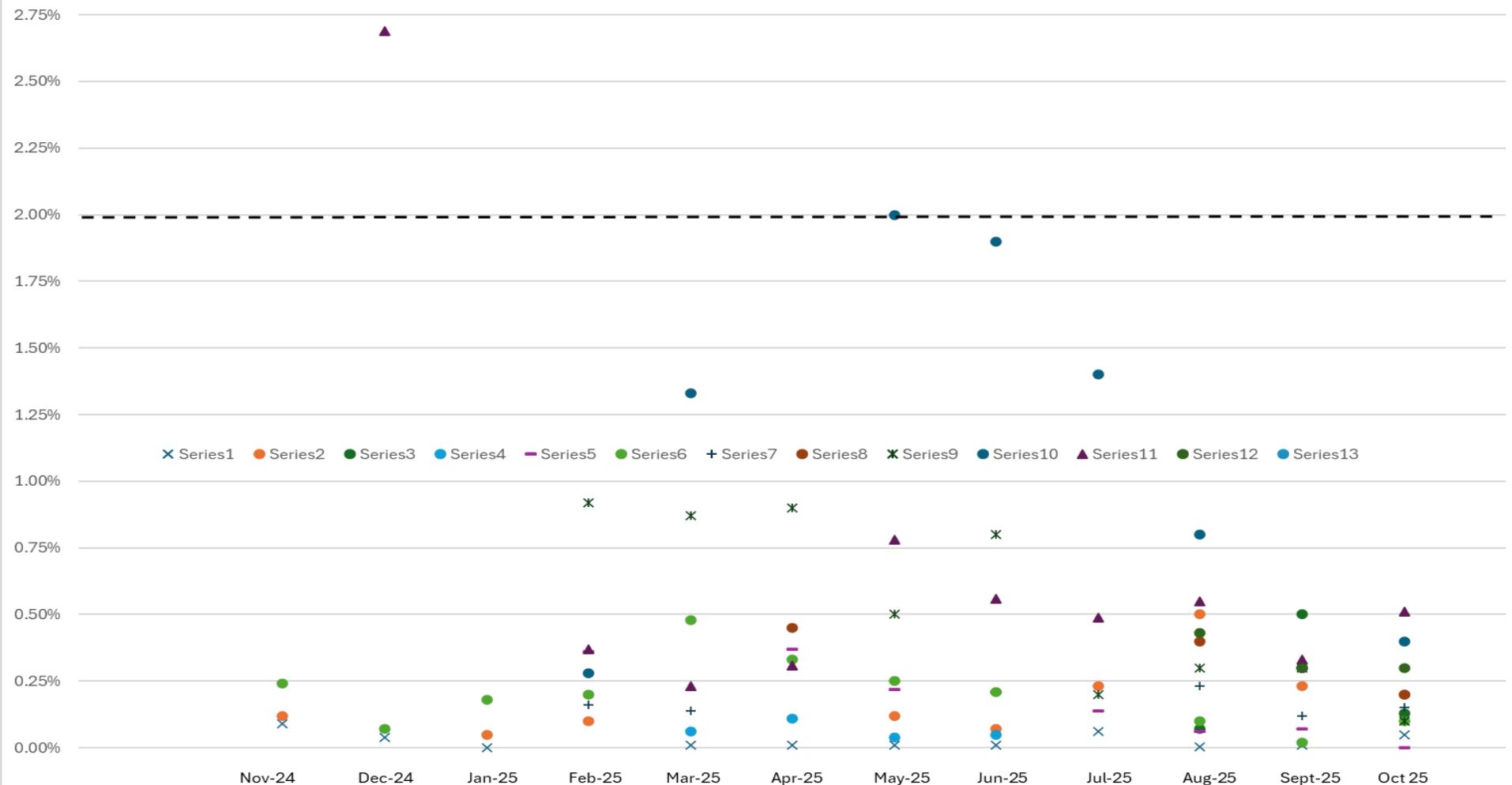
- Develop a robust phosphine efficacy response – identify & mitigate potential gaps
- Phosphine protection strategy – independently published literature reviews (2)
- Single dose phosphine – underpin approval with research funding, actively monitor implementation
- Manage and develop relationships (e.g. Bioeconomy Science Institute (BSI), Draslovka, MPI etc)

2. China - protect and strengthen market access

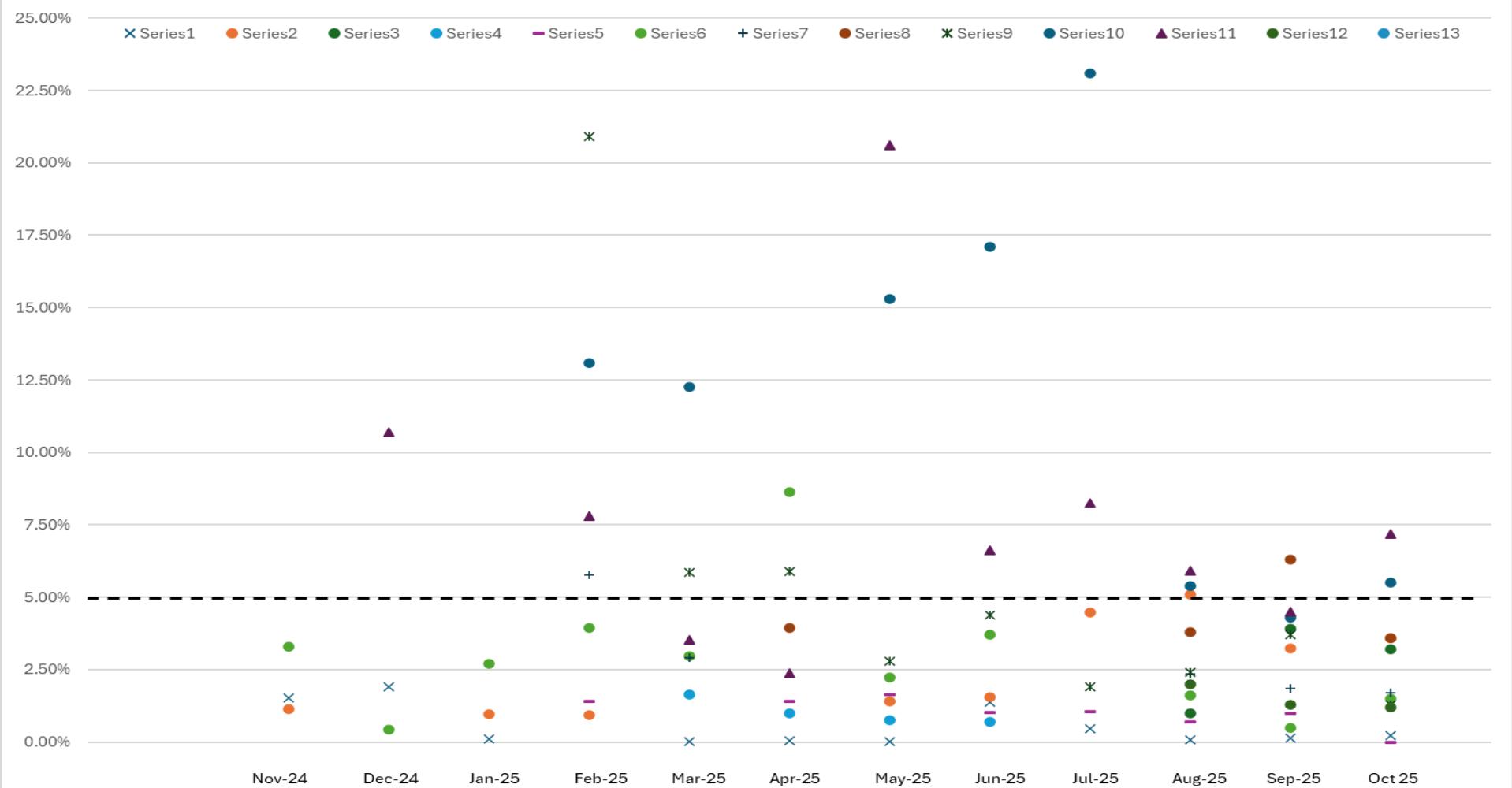
In addition to the work in objective 1 (phosphine):

- Protect debarking pathway – sector led quality assurance program linked to phytosanitary certificates.
- Support commercialisation of in line camera technology (measure and monitor output, i.e. bark %)
- Engage with China (GACC) on debarking quality developments, i.e. show them

Average bark % across consignment



Max bark % / individual log



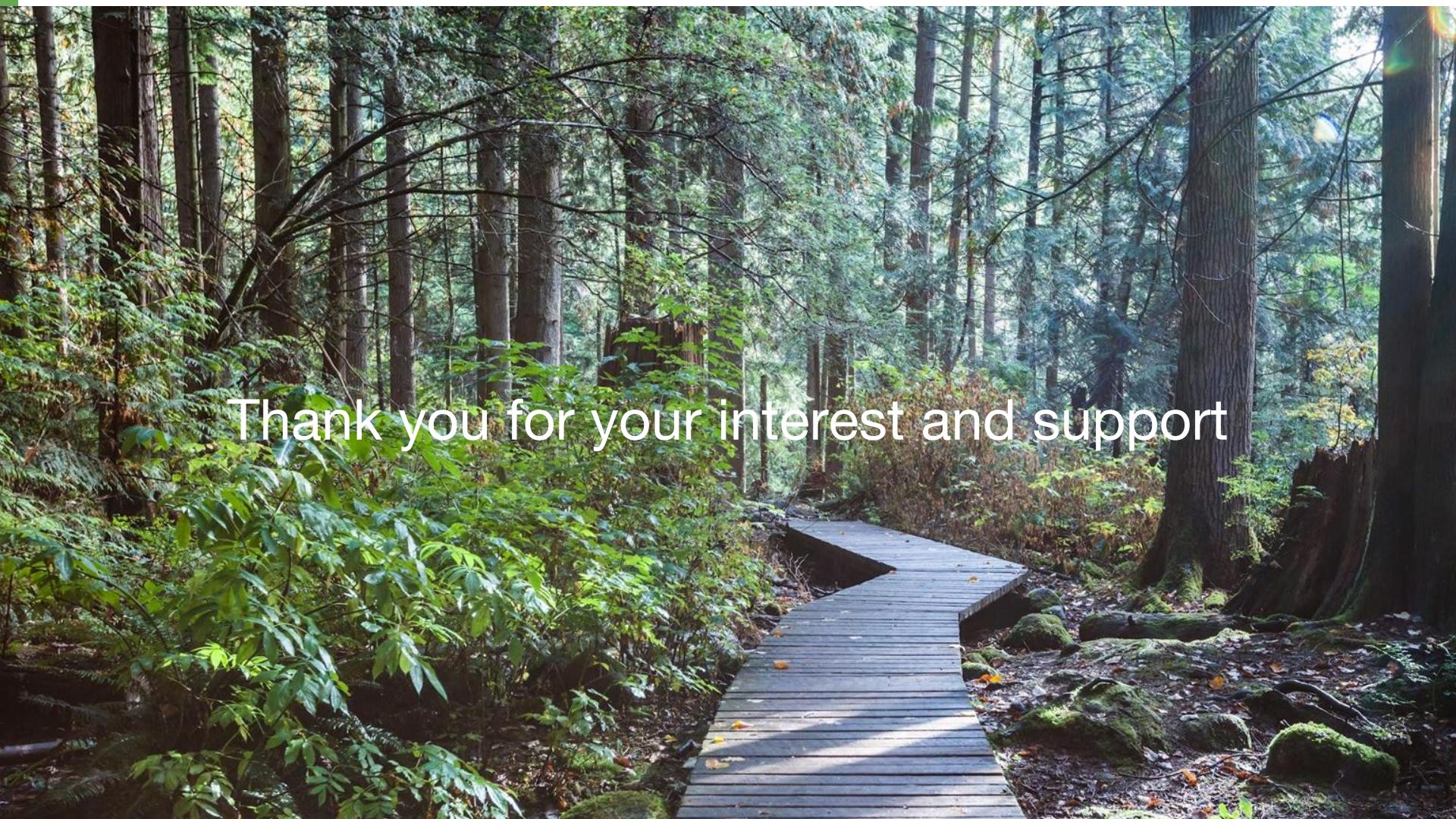
2. China - protect and strengthen market access

- Support for SF (sulfuryl fluoride) approval process with Douglas Products
- Already approved by China
- Targets top stow logs under tarp
- Includes stakeholder engagement work with Maritime/Worksafe, MPI and EPA
- Support for SF (sulfuryl fluoride) recapture trial 2026

3. India – enhanced recommencement plan

In addition to the work in objective 1 (phosphine):

- Actively monitor the current Methyl Bromide (Mbr) on arrival pathway with India's National Plant Protection Organisation (NPPO) and supply chain.
- Develop and test the 'safe pathways – systems approach' technical framework
- Work with industry and MPI to develop an operational basis for a log shipment trial in 2026
- Introduce and test the 'safe pathways – systems approach' with India's NPPO (Delhi) and operational supply chain (Kandla)

A photograph of a wooden boardwalk path winding through a dense forest. The path is made of light-colored wooden planks and is surrounded by tall, thin trees and lush green undergrowth. Sunlight filters through the canopy, creating bright spots on the path and the surrounding foliage. The overall atmosphere is peaceful and natural.

Thank you for your interest and support