

COVID-19

FOREST INDUSTRY SITUATION REPORT

Based on information compiled by the Department of State Growth

Last updated 17/4/2020

Current Situation:

- The harvesting, haulage, processing and export of forestry products is continuing – despite some significant impacts and challenges from the COVID-19 pandemic.
- COVID-19 is impacting global trade and export markets for forest products in complex ways, with different countries at different stages in dealing with the coronavirus crisis.
- Whole log exports are recovering from recent lows with increased demand and improved prices. Whole log exports continue to Asian destinations including China and Malaysia. Stocks on Chinese ports are reducing as China returns to work. With the closure of key suppliers in NZ, it is expected that Australian demand should improve.
- Woodchip exports continue to improve, albeit at reduced prices, as the Chinese pulp and paper manufacturing sector recovers. Companies with forward contracts report strong demand at satisfactory price levels, while those without forward contracts suggest the market is patchy but the outlook appears positive.
- The situation with other export markets is less certain, however export of Tasmanian forest products continues to destinations including Japan, Malaysia and Taiwan.
- STT has advised its southern native forest contractors are operating, at reduced capacity. Customer log stocks are being monitored. It is likely that log delivery quota restrictions will need to be applied until the end of April.
- Contractors working in the plantation sector are yet to report any disruption to operations.
- Two southern processing facilities are closed, each indicating COVID-19 as a contributing factor;
 - NSFP – Southwood Mill temporarily closed - to be reviewed at the end of April.
 - Ta Ann Tasmania has temporarily closed its Southwood and Smithton mills until 28th April.

Critical Risks and Issues:

- A potential shortage of shipping containers which could impact the export of processed forest products.
- A limited number of pilots and train drivers to move forestry freight.
- Qualified contractors to perform key ship loading functions, such as inspectors who perform woodchip inspections (for insects) to China and Taiwan, are limited.
- Essential supply chain operations remain at risk from increased restrictions to curb the spread of COVID-19, particularly the lock-down in northwest Tasmania.
- The reduced demand for sawlog and peeler billets is likely to result in decreased pulpwood availability.

Current Response:

- Both the Australian and Tasmanian governments have announced stimulus packages – [Tasmanian Government – Business and Industries](#).

- Impacted businesses are asked to contact [Business Tasmania](#).

Lock down in North West Tasmania:

- To contain the spread of COVID-19 the Tasmanian Government has announced the 'lock down' of north west Tasmania.
- Two hospitals (North West Regional and North West Private hospital) have closed with patients transferred to the Mersey Hospital. Staff and families from the hospital are now in quarantine for 2 weeks.
- Non-essential retail businesses have also closed.
- The forest industry supply chain continues to operate, however there are reports that quarantining and self-isolation in northwest Tasmania has impacted some forest industry workers in harvest, haulage, processing and export operations.
- Britton Timbers in Smithton advise that they are trading approximately 10% below full production due to restrictions and precautionary staff quarantines. It is understood that sales are holding, with Sydney market particularly confident.