

# COVID-19

## FOREST INDUSTRY SITUATION REPORT

Based on information compiled by the Department of State Growth

Last updated 6/5/2020

### **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.
- 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.
- A recent market announcement noted that “the Japanese pulp and paper sector is now being adversely affected by the recent lock-down in response to the Covid-19 pandemic”. However there has not been any material impacts reported for Tasmanian forestry exports into Japan.
- 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 May.
- Contractors working in the plantation sector are yet to report any disruption to operations.
- Two southern processing facilities remain closed, each indicating COVID-19 as a contributing factor.

### **Critical Risks and Issues:**

- A continued shortage of shipping containers could result in a prolonged suppression of the export of containerised 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 restrictions to curb the spread of COVID-19.
- The reduced demand for sawlog and peeler billets (from temporary sawmill closures) is likely to result in decreased pulpwood availability from public native forests.
- Forestry and housing industry peak bodies have expressed concerns that detached home-building, already at a 6 year low, will fall even further. This would result in a suppressed demand (potentially halving) for softwood (for house framing) and hardwood (for moulding and joinery) finished products, over the next six months.

**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:**

- The 'lock down' in north west Tasmania has been down-graded to the same level as the rest of Tasmania.
- The forest industry supply chain continues to operate, however reports continue that quarantining and self-isolation in northwest Tasmania has impacted some forest industry workers in harvest, haulage, processing and export operations.