

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP



Coronavirus' Effect on Worldwide Wood

China Forestry Group Corporation

As the coronavirus is spreading throughout China, there are many fears that the virus could disrupt the wood trade in the country and could cause multiple problems in the global wood supply chain. There is industry concern that if the coronavirus would spread in coastal towns and cities, then access to Chinese ports could be restricted with little warning.

Chinese companies expressed their concerns. A spokesperson from China Forestry Group Corporation informed that at the moment all bank, warehouses and factories are prohibited to operate until Government's notice. All employees stay at home to work online. The company was forced to cease imports because access to their warehouses is prohibited. Their business is affected as they cannot import or sell.

Xiamen MDM Printing Co.,Ltd.- an MDF Doors supplier, received orders but cannot start production until the Chinese Government announce the day when work could start. Another Chinese exporting company complained that it can't confirm orders because it's not sure when production will be allowed. Moreover, there are fears that when production will resume, due to the fact that many workers come from different parts of China, the potential spread of the virus will multiply.

New Zealand log exporters are also worried that the of coronavirus will cause supply chain problems in China. According to the New Zealand Forest Owners Association, some forest owners in the countries have already started reducing their harvesting rate.

The association's President, Peter Weir said: "We know from our embassy in Beijing that the Chinese central government authorities are doing an excellent job of both trying to protect people from the spread of coronavirus and at the same time ensuring economic activity is sustained. But nobody knows how long and widespread the coronavirus outbreak will be and what effect that will have on any medium-term trade." "I should say that it is possible that the disruption will turn out to be brief. It is entirely possible that the Chinese timber processing and construction industry will return to normal and the inventory stored at ports will diminish over the next few months as it normally does," Mr. Weir said.

Meanwhile, the Russian Prime Minister Misukostin approved a list of the new coronavirus prevention and control measures. On January 31st, Russian Deputy Prime Minister Golikova announced that starting at 00:00 on January 31, all railway transport between Russia and China will be suspended except for Beijing-Moscow round-trip international trains. The measure is affecting all the wood products transported by Russia to China via trains. According to some estimates, around 1.2 million cubic meters of lumber is being shipped from Russia to China yearly.



11 February 2020



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As previously reported by Fordaq, in response to the Chinese government's call for strict and effective disease control of coronavirus outbreak, IKEA has decided to close its stores in mainland China due to the coronavirus outbreak, until further notice. IKEA China has about 30 stores and 14,000 employees in China

Major trade shows in China related to the wood industry are being postponed. DOMOTEX asia/CHINAFLOOR 2020 officials stated that after studying and evaluating the announcements, guidance and news released by relevant Chinese departments and in order to protect the health and safety of the exhibitors and visitors, they have decided to postpone the show scheduled for 24th-26th of March. Moreover, the postponement of the 45th CIFI Guangzhou and CIFI/interzum Guangzhou 2020 has been announced by the sponsoring organization also due to the coronavirus outbreak. The fairs were originally scheduled for March 18-21 and 28-31 in Guangzhou. New dates will be set in due course. At the moment, there is no certainty on how long and widespread the coronavirus outbreak will be and what impact will have on medium-term trade. What is certain is that the virus has already started to impact the wood trade in China, which can have serious implications for the global wood trade flows.

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