

COVID-19 Sector Implications

Forestry

Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the [Overview document](#).

- **The first scenario assumes recovery by the end of 2020**
- **The second scenario assumes a longer-term recovery**

Impact to date

The Forestry sector had a tough 2019 as Chinese demand dried up on the back of cheaper product options becoming available to our key customers. Prices were recovering before the virus closed Chinese ports again in early 2020. With significant log inventory sitting on wharfs around New Zealand, most forest owners have put a hold on harvest activities, which is impacting employment in key forestry regions around the country.

Recovery by end of 2020 impact

Most of our forest products are exported in log form to China where further processing is undertaken. As the Chinese economy recovers, we expect markets to open and product to start to move into China again, however demand will depend on desire for the products that China exports to the world. If the virus constrains this demand during the year, we would expect it will take most of the year to return to long run, average export volumes and prices, leaving many logging crews under utilised for much of the year.

Longer term recovery impacts: The real potential for New Zealand's forestry sector is not exporting logs but finding innovative ways to utilize the biomass that we grow, to create sustainable products that help support the transition to a lower carbon economy. A slower recovery will encourage people to seek more innovative uses for the timber we grow and may drive a step change in the value that the sector creates for the New Zealand economy.

We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

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