



## TIMCON WEEKLY INDUSTRY COVID 19 UPDATE:

TIMCON will be providing an industry round up of COVID 19 developments. Our members are key to keeping the supply chain going and ensuring food and medicines are supplied to the public in the UK and the Republic of Ireland.

*TIMCON is liaising with HM Government and other related bodies and organisations on the situation on the front line of the timber packaging, pallet and forest-based industry. We would like to hear from you on what issues you are currently facing to allow us to feed this back to Government.*

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### Issue 1 – 6<sup>th</sup> April 2020

#### **LATEST: Two metre social distancing rule to become law in workplaces in Wales:**

Beginning on Tuesday 7<sup>th</sup> April, the two metre social distancing rule will apply to all workplaces in Wales. All businesses will have to take all reasonable measures to ensure the 2 metre rule is maintained between people on their premises whenever work is being carried out.

First Minister Mark Drakeford said: We're bringing in new regulations, which mean, from Tuesday, all workplaces in Wales will have to apply the 2m social distancing rule.

"We're the first in the UK to make this law and we're doing so to protect our workers and stop the spread of coronavirus. "

To read more, go to: <https://www.itv.com/news/wales/2020-04-03/wales-to-introduce-two-metre-social-distancing-law-for-workplaces/>

UK Government have updated their website on social distancing. TIMCON is preparing a document on this. In the meantime go to: <https://www.gov.uk/government/publications/covid-19-guidance-on-social-distancing-and-for-vulnerable-people/guidance-on-social-distancing-for-everyone-in-the-uk-and-protecting-older-people-and-vulnerable-adults>

## Government update:

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- TIMCON has secured key worker status for the timber packaging and pallet industry. Through intense lobbying of DEFRA, initially with an open letter to government which was eventually signed by 120 companies in the UK, HM Government has acknowledged this status to also include the sawmilling and timber supply sector as being key to keeping the supply chain for food and medicines going. CONFOR has followed TIMCON's lead on sawmill key worker status. TIMCON COVID 19 Guidance has been released for TIMCON members.
  - Department for Transport released a letter to all logistics professionals this week saying they have a duty to keep supply chains moving.
  - TIMCON Executive Committee members representing the Republic of Ireland, have also secured the same through contact with Government.
- IBEC
  - Coillte
  - Department of Agriculture, Food and the Marine
  - Most other Government Departments
- The Assistant Secretary General of the Department of Agriculture, Food and the Marine who confirmed that the pallet sector is specifically being referenced in the Government's Covid-19 Action Plan as being an essential part of the critical supply chain. The Irish Government have acknowledged that the pallet sector, in their crucial role as a critical supply chain partner to the food and beverage, pharmaceutical and medical device industries, are an essential business.
- Government lobbying highlighted that timber packaging suppliers are vulnerable to a shortage of supply of raw timber from the sawmills, and addressed areas of concern such as :
  - Forestry Felling Licences
  - The viability of continued secondary processing of pallet timber given the fall-off of primary processing of construction timber
  - Recognition by Government of the sawmilling industry as having 'Key Worker' status
- Meeting is being sought with Coillte to understand supply issues and mitigate risk of lack of raw material, and TIMCON's PR campaign is being stepped up in Ireland and further dialogue is sought with the Government of Ireland to ensure continuation of supply. An Ireland specific TIMCON COVID 19 Guidance document has been released.
- TIMCON now sits on the Government Industry COVID19 Group which has weekly calls to ensure any issues can be discussed and any risks addressed and mitigated to ensure the continuation of the supply chain. Other participants include Forestry Commission, DEFRA, Welsh Government, Scottish Government and CONFOR. TIMCON's involvement in the group has come about because TIMCON successfully highlighted concerns about keeping the supply chain moving and ensuring key workers in the packaging and pallet industry continue to be recognised as such.

During the meeting (conference call), TIMCON highlighted the following issues of concern currently:

1. There needs to be a larger emphasis on key workers statuses and their importance and education around this. Employers and employees are facing a huge social pressure not to carry on working.
2. Sawmills closing – many sawmills are either closing or reducing services, which is causing a lot of worry around the supply of timber.
3. Furlough – there are concerns about the inflexibility of it for key workers. With current guidelines stating that employees must be furloughed for three weeks to receive government help. But businesses are concerned that if there is a sudden uptake in work or skilled workers kept on have to go into self-isolation, they will not be able to recall their employees or risk losing out on furlough payment from Government.
4. TIMCON highlighted to DEFRA that it isn't just pallets that need to be considered, but niche products such as timber packaging, which are used for hospital beds and ventilators and the likes of potato boxes.
5. TIMCON reported that there is a risk of a global supply chain breaking down and because the industry relies on imported timber this could cause potential supply chain issues.
6. As the construction industry has ground to a halt, forest owners are growing hesitant to harvest trees.

## **CURRENT INDUSTRY SITUATION AS OF 6<sup>TH</sup> APRIL 2020:**

The situation is changing on a daily basis as demand for pallets transitions to the new situation. Some customers are ramping up (eg. Bottled water, medical equipment) whilst others are stopping (eg. Construction). This is having different effects on different businesses and there is no clear picture yet.

In the UK around 40% of pallet use is associated with construction, and this has practically come to a standstill, and staff are starting to be furloughed. As the number of staff self-isolating or ill increases, there is concern that the furlough scheme is not flexible enough to re-deploy staff back as demand swings to cope with newly emerging or expanding areas of demand.

In the Republic of Ireland, over 50% of the ventilators used in acute hospitals worldwide are manufactured in Ireland, which are in turn shipped on timber pallets.

In the UK and Republic of Ireland, the biggest concern over the long term is about the lack of availability of pallet materials from sawmills as construction markets halt. This seems likely to become an issue in the next few weeks.

Provision of agricultural wood products (eg. Potato boxes, fencing) and specific niche products: demand in agricultural products appears to be holding up, and for niche products is particularly volatile, with markets emerging and disappearing.