

THE GLOBAL FOREST SECTOR & COVID-19



**IMPACT ON THE LATIN AMERICA FOREST SECTOR
AND RECOVERY PERSPECTIVES**

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INTRODUCTION

- **COVID 19 CREATED A GLOBAL HEALTH, ECONOMIC, ENVIRONMENTAL AND SOCIAL CRISIS**

JUST TO MENTION SOME IMPACTS:

- GLOBAL ECONOMIC DOWNTURN
 - REDUCTION OF CONSUMPTION AND PRICES OF COMMODITIES AND ENERGY
 - INCREASING FISCAL DEFICIT AND HIGHER WEIGHT OF GOVERNMENTS IN THE ECONOMY
 - CHANGES IN PRIVACY RIGHTS (FACIAL RECOGNITION, PERSONS LOCATION, SOCIAL DISTANCING MEASURES/ HOME OFFICE/ OTHERS)
- **LATIN AMERICA HAS BEEN SERIOUSLY AFFECTED**

REPORTED ON JUNE 22:

- LATIN AMERICA: 20 % OF GLOBAL CASES
- BRASIL: OVER 1 MILLION CASES AND 50 THOUSAND DEATHS
- PERU AND CHILE: 250 THOUSAND CASES
- MEXICO, ECUADOR, COLOMBIA AND OTHER ALSO HIGH NUMBERS

IMPACTS ON THE REGIONAL FOREST SECTOR

- **NATIONAL AND LOCAL GOVERNMENT MEASURES/RESTRICTIONS**
 - **GOVERNMENTS IMPOSED RESTRICTIONS TO MITIGATE IMPACT ON HEALTH AND ECONOMY**
 - **MEASURES VARIED FROM LONG LOCKDOWNS TO SOCIAL DISTANCING, IMPACTING COSTS, PRODUCTION AND LOGISTICS**
 - **IN MOST COUNTRIES FOREST SECTOR WAS CONSIDERED AS AN ESSENTIAL SECTOR**
 - **BRASIL: SHORT TIME RESTRICTIONS TO OPERATE IMPOSED BY SOME LOCAL GOVERNEMENTS**
 - **ARGENTINA, PERU AND ECUADOR IMPOSED MORE SEVERE NATIONAL RESTRICTIONS FOR FOREST SECTOR OPERATIONS**

IMPACTS ON THE REGIONAL FOREST SECTOR

- **INTERNATIONAL AND NATIONAL MARKETS**
 - **MARKET IMPACTS REMAIN TO BE FULLY ASSESSED**
 - **IMPACT WILL VARY AMONG COUNTRIES, REGIONS AND INDUSTRY/PRODUCT**
 - **LATIN AMERICA FOREST SECTOR DEPENDS ON NATIONAL AND INTERNATIONAL MARKET**
 - **AROUND 70% OF PULP AND PLYWOOD PRODUCTION OF THE REGION IS EXPORTED**
 - **SOME COUNTRIES ARE LARGELY DEPENDENT ON FOREST PRODUCTS EXPORTS**
 - **GENERALLY INTERNATIONAL MARKET IS CONCENTRATED (USA, CHINA, SOME EUROPEAN COUNTRIES)**
 - **DOMESTIC CONSUMPTION REDUCED AND EXPORTS WERE MANTAINED ALONG THE FIRST QUARTER**
 - **INTERNATIONAL MARKET PRICES OF SOLID WOOD PRODUCS DECLINED IN APRIL/ MAY**

IMPACTS ON THE REGIONAL FOREST SECTOR

- MITIGATION MEASURES

BESIDES INCREASING INVESTMENT IN THE NATIONAL HEALTH STRUCTURE, INCLUDING SUPPORT TO STATE AND LOCAL GOVERNMENTS OWN HEALTH PROGRAMS, MOST GOVERNMENTS OF THE REGION IMPLEMENTED ACTIONS TO MITIGATE THE ECONOMIC AND SOCIAL IMPACT.

IN BRAZIL:

- **FLEXIBILIZATION OF WORK RELATIONSHIPS**
- **FINANCIAL AID TO UNEMPLOYED PERSONS**
- **INCREASED AVAILABILITY OF FINANCIAL RESOURCES AND FACILITATION TO CREDIT ACCESS TO MAINTAIN COMPANIES IN OPERATION**
- **POSTING OF TAX PAYMENTS**
- **RENEGOTIATION OF PRIVATE SETOR AND STATE GOVERNMENTS LOANS AND OTHERS**

RECOVERY PERSPECTIVES AND INTERNATIONAL COOPERATION

- NATIONAL AND REGIONAL ECONOMIES

SOME QUESTIONS:

- THERE ARE STILL MANY UNCERTAINTIES ON THE CRISIS: WHAT MEANS A RETURN TO NORMAL? WHEN IT WILL HAPPEN? HOW NATIONAL AND INTERNATIONAL MARKET WILL BE IMPACTED?
- WHAT WILL BE THE OVERALL ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT?
- GOVERNMENT SUPPORT TO PEOPLE AND COMPANIES WILL WORK AND MITIGATE THE SOCIAL AND ECONOMIC IMPACT ?
- CONSUMERS CONFIDENCE AND BEHAVIOR CHANGES: HOW LONG WILL BE NEEDED TO ACHIEVE A NEW NORMAL?
- HOW FISCAL DEFICIT WILL AFFECT DEVELOPMENT STRATEGY OF COUNTRIES OF THE REGION ?

RECOVERY PERSPECTIVES AND INTERNATIONAL COOPERATION

- **CONTRIBUTION OF THE REGIONAL FOREST SECTOR**
 - **THE IMPACT OVER THE FOREST SETOR AND ITS CAPACITY TO RECOVER STILL NEEDS TO BE ASSESSED**
 - **IMPACT ON THE PULP INDUSTRY WILL, MOST PROBABLY, BE SMALL**
 - **A REDUCTION OF PRODUCTION/PRICES BETWEEN 20-40% IS EXPECTED ALONG 2020 FOR SOLID WOOD PRODUCTS INDUSTRY**
 - **SMALL AND MEDIUM SIZE OPERATIONS, THE LARGEST PORTION, WILL BE MORE AFFECTED**
 - **A NEW NORMAL WILL DEPEND ON THE GLOBAL ECONOMY RECOVERY (MARKET), AND MIGHT TAKE TWO YEARS OR MORE**
 - **IMPACT WILL BE STRONGER FOR EXPORTING COMPANIES SPECIALLY FOR THOSE WITH MARKET CONCENTRATION IN USA AND EUROPE**
 - **INTERNATIONAL ORGANIZATIONS CAN PLAY AN IMPORTANT ROLE**

RECOVERY PERSPECTIVES AND INTERNATIONAL COOPERATION

- THE CONTRIBUTION OF INTERNATIONAL COOPERATION

A SHORT REFLECTION:

- SHORT TERM

TO PROVIDE DETAILED AND CONSISTANT GLOBAL INFORMATION TO:

- FACILITATE THE ASSESSMENT OF ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT OF THE CRISIS ON THE FOREST SECTOR OF INDIVIDUAL COUNTRIES,
- PROVIDE SUPPORT TO DEVELOP AND IMPLEMENT APPROPRIATE STRATEGIES TO MITIGATE THE IMPACT AND ENSURE SUSTAINABLE DEVELOPMENT WITHIN A NEW NORMAL PERSPECTIVE

- MEDIUM/ LONG TERM:

STRENGTHEN INTERNATIONAL COOPERATION, BASED ON SHARED INITIATIVES, INVOLVING THE PRIVATE SECTOR, TO DEVELOP COMPETITIVE WOOD PROCESSING AND PRODUCTS, TO FACILITATE TRADE, ENHANCE INVESTMENT, AND PROMOTE SUSTAINABLE CONSUMPTION

RECOVERY PERSPECTIVES AND INTERNATIONAL COOPERATION

- EXPECTED ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT AND CHANGES

THE IMPACT AND THE GLOBAL RECOVERY WILL DEPEND ON THE ABILITY AND CAPACITY OF COUNTRIES TO PRESERVE THE FISCAL BALANCE, AND ADOPT MONETARY AND FINANCIAL MEASURES, TO SUPPORT FAMILIES AND BUSINESSES FOR AT LEAST THE NEXT 12 MONTHS

IN SHORT:

- FULL ECONOMIC RECOVERY OF THE FOREST SECTOR WILL DEPEND ON THE DOMESTIC AND INTERNATIONAL MARKET, AND WILL TAKE TIME
- GLOBAL AND COUNTRIES ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT PERSPECTIVE REMAINS TO BE ASSESSED
- THE REGION FOREST SECTOR RECOVERY WILL DEPEND, LARGELY, ON THE GLOBAL ECONOMIC RECOVERY

Thank You



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