

Plywood News: 18th of May, 2020

Dear TreeCraft enthusiasts,

Yes, we are alive, well and kicking!

We sincerely hope every-one is healthy, safe and ready to make the best of what lies in front of us. We certainly are ready and we are here to help you to provide insights, information and of course awesome plywood to overcome these challenging times.

Double blow: “STOP – GO – SLOW - . . .

Just untill Chinese New Year all seemed fine,...

Untill we could not start up after Chinese New Year. **STOP,....** With a full order book but no production possible, we were left in a very difficult situation as we wanted to meet our commitments. In addition clients worldwide got nervous about their supplies and wanted to place even more orders. Yes but when and at which price?

As you can understand we were very eager to start,... Around the end of February we could finally start and we pushed as hard as we could. Dealing with shortage of hands, lack of rawmaterials, roadblocks,... **GO,...**

But then the rest of the world realised the seriousness of the situation and clients started panicking, delaying orders,... we could not take new orders in May.



Corona in China



Corona in the world

But what is now the impact of the above on our business really?

Logistics?

As shipping companies have no visibility on demand they have taken about 3 million containers out of circulation to create shortages and to maintain freight rates. In the second quarter, more than 250 scheduled voyages are being cancelled, and the capacity of some of the trade routes has been cancelled by as much as one third. By now, the biggest reduction has hit major global trade routes-Asia-Europe. So far China – Europe freights have kept stable but Europe – China shipping has become significantly more expensive.



Raw material?

After Chinese New Year the raw material prices have increased heavily. Due to shortage of hands, logistic problems and lack of logs, those that want materials have to pay. Paying alone is not enough anymore it seems, as suppliers now demand cash amidst too many insecurity in the market. In the meantime – since the end of April – poplar prices (not so much affected by logistic issues) and glue prices (linked to oil prices) have come down a bit.



Local (China) business?

Construction sites have not yet opened and we feel that only ongoing projects are being finished while new sites are on hold indefinitely. We cannot yet see the government taken big steps to jump start the business but we guess those actions will come if the situation does not improve.

Export (Europe) business?

A lot will depend now on the reopening of the markets in Europe. How fast will things go back to normal, if ever and how fast will the current stocks in Europe be liquidated. If Europe will follow the same pattern as China, it is to be expected that the recovery will be gradually in line with the softening of the lock down.

Opportunity or lost focus?

A lot of companies in China – also in the plywood business – suddenly became mask experts and exporters. Although we could have joined this gold rush, we consciously decided against it. We are plywood experts and we are good at it. We believe it is our commitment and focus that creates value for our clients and we are determined to continue to thrive together even amidst challenges.

So, if you have any demand on plywood (not masks), contact us!

Shirley Ye & David Holvoet,

Probably the Best Plywood in the world

