



COVID-19 – impacts on Queensland-China trade

Current as at 3 March 2020.

Fast facts

- > Over 90,000 cases of COVID-19 have been confirmed globally.
- > COVID-19 is likely to have a significant short- to medium-term impact on Queensland's economy.
- > Queensland's tourism and international education and training sectors have experienced significant reductions in international arrivals, particularly in visitors from China.
- > Queensland's exports to China have experienced disruptions including rapid changes in demand, uncertainty regarding international freight and logistics, and reduced capacity of domestic logistics and supply chains in China.
- > Importers are experiencing delays in receiving goods from China, affecting their downstream supply chain.
- > The Queensland Government has announced a \$27.25 million package to provide immediate assistance to industry.

Background

The outbreak of a new strain of coronavirus, COVID-19, in China has many businesses concerned about the impact on Queensland's industries and the economy. Over 90,000 cases have been confirmed globally, with the majority in mainland China.¹ The disease is a respiratory illness that is transferred from person to person and can be fatal.

COVID-19 presents significant challenges for global markets and is likely to have considerable short- to medium-term impacts on Queensland's economy.

COVID-19 originated in the Hubei Province in Central China. Since the outbreak, the Chinese Government has implemented business and factory closures, quarantine measures and travel restrictions across the country. These actions are expected to lower China's export production and reduce energy demands, which may result in a temporary drop in global commodity prices. These measures may also disrupt many industry sectors, with long-term impacts on technology adoption, workforce and employment practices, health consciousness, patterns of consumer demand and entertainment habits.

Tourism and international education and training

Queensland's tourism and education services exports are being hardest hit. Travel restrictions and concerns of contamination, quarantine and detention have deterred both holiday and business travellers, with tourism operators reporting a significant drop in visitors.

¹ World Health Organisation. (3 Mar 2020). Coronavirus disease 2019 (COVID-19) Situation Report – 43. Retrieved from https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200303-sitrep-43-covid-19.pdf?sfvrsn=2c21c09c_2

The international education and training (IET) sector has been significantly impacted, with an estimated 100,000 Chinese students unable to travel to Australia to begin the academic year.² China is the largest market of origin for Queensland's international students, with 32,505 Chinese students enrolled in Queensland education and training institutions as at December 2019.³

Both tourism and IET are significant contributors to Queensland's economy, and a reduction in arrivals will have a flow-on effect to supporting sectors such as retail, hospitality and accommodation, entertainment and agriculture.

A key concern is the welfare of international students and the impact this will have on their education experience. Ensuring there are enough services to support their personal and academic needs remains a priority.

Exporting to China

A large proportion of Queensland's exports to China are coal and LNG, which are crucial inputs to manufacturing. Demand is expected to fall temporarily as production slows in China, but will pick up as factories and manufacturing begin to reopen and normal operations resume.

Queensland's agricultural exports to China are also reduced due to major changes to China's domestic hospitality, food service and retail industries. Movement of international air freight to China has been affected by reductions in airlines servicing China, and ports are experiencing delays due to workforce restrictions, causing cargo to be backed up at terminals and warehouses.⁴ Delays of 6 to 8 weeks can be expected. This will particularly affect products with short shelf lives, such as fresh fruits and vegetables, dairy products and seafood. Frozen goods such as beef are also affected due to a shortage of storage options.

Over the past month, tens of millions of Chinese residents have been in home quarantine either voluntarily or due to government directives. Restaurants and hotels have closed or had considerable restrictions imposed by government authorities, and, as a result, exporters of premium live foods such as coral trout and tropical rock lobster have experienced significant drops in demand.⁵

Importing from China

The volume of cargo being shipped from China has declined rapidly since the end of January 2020, with trips being cancelled and many ships leaving the country well below capacity.⁶ A shortage of workers, disruptions to supply chains and factory closures are contributing factors.⁷

Many Queensland businesses depend on imports from China to secure essential inputs for manufacturing or final goods for resale. The impact upon those businesses is dependent on the type of import and the place of origin in China, as factories have been allowed to operate on a case-by-case basis. If businesses are concerned about their ability to import goods, they should contact their suppliers or freight forwarder directly.

What's next?

Unfortunately, it is difficult to predict how long the COVID-19 outbreak and associated economic repercussions will last. From late 2002 to early 2003, the outbreak of SARS (another strain of the coronavirus) in China significantly affected the retail, entertainment and tourism sectors. The economic shock from SARS was temporary, with growth returning within the year as the outbreak was brought under control.⁸

China's economy has grown considerably since the SARS outbreak and become more integrated with global manufacturing supply chains. It is a far greater influence on the world economy than it was in the past, and any direct comparisons between the impact of SARS and COVID-19 may be unwise. While, in the short term, businesses may have to focus on continuity strategies, in the medium and long term, businesses should look to diversify their export markets or supply chains to become less susceptible to fluctuations and economic shocks in particular regions.

Queensland Government assistance

The Queensland Government has announced a \$27.25 million package to provide immediate assistance to industry to help Queensland deal with the impact of the COVID-19.

The package helps impacted businesses sustain jobs while work is done to contain the virus. The Immediate Industry Recovery Package provides targeted financial support and advice, promotes Queensland through marketing and media activities, and provides counselling and support to businesses and students.

More details about the package can be found at: www.qld.gov.au/industryrecovery

As the Queensland Government's global business agency, TIQ can assist Queensland businesses by providing market intelligence and advice for exporters looking to diversify into new markets. Contact our friendly client management team on **+61 7 3514 3147**.

² ABC News (Perth, N). (19 Feb 2020). Coronavirus travel ban hits Australian universities, schools as Chinese students stranded overseas. Retrieved from <https://www.abc.net.au/news/2020-02-19/coronavirus-travel-ban-hits-universities-students-stuck-in-china/11975938>

³ Department of Education, Skills and Employment. (2019). International student enrolments in Australia 1994 – 2019. Retrieved from https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2019.aspx#Pivot_Table

⁴ Wall Street Journal (Paris, C). (14 Feb 2020). China's shipping nears standstill amid coronavirus disruption. Retrieved from <https://www.wsj.com/articles/chinas-shipping-nears-a-standstill-amid-coronavirus-disruption-11581699854>

⁵ Canberra Times (Doyle, M). (5 Feb 2020). China virus import ban hits seafood trade. Retrieved from <https://www.canberratimes.com.au/story/6615799/china-virus-import-ban-hits-seafood-trade/?cs=14231>

⁶ Wall Street Journal (Paris, C). (14 Feb 2020). China's shipping nears standstill amid coronavirus disruption. Retrieved from <https://www.wsj.com/articles/chinas-shipping-nears-a-standstill-amid-coronavirus-disruption-11581699854>

⁷ New York Times (Bradsher, K). (17 Feb 2020). Slowed by the Coronavirus, China Inc. struggles to reopen. Retrieved from <https://www.nytimes.com/2020/02/17/business/china-coronavirus-economy.html>

⁸ Asia Pacific Consensus Forecasts. (10 Feb 2020). Surveys of International Economic Forecasts. Retrieved from <https://www.consensus-economics.com/publications/asia-pacific-consensus-forecasts/>

Trade and Investment Queensland initiatives

TIQ is providing tailored export advice to small and medium enterprises (SME) on opportunities in China following and emerging from the COVID-19 crisis. In a unique offering, TIQ will partner with a leading Chinese digital marketing company to offer Queensland SMEs an accelerated path into Chinese online markets through the Digital Commerce Accelerator Program.

TIQ is also pulling together the latest Chinese Central and Provincial Government policy initiatives and combining them with up-to-date consumer and business sentiment data to provide updates on the emerging issues in China. This information and feedback from TIQ's global and regional network will come together in Export Forums around Queensland to provide practical expert advice on China market development and market intelligence for exporters looking to enter new markets.

TIQ already offers several programs that help Queensland businesses get ready to export, and these will be re-focused to deal with the emerging crisis:

- The Go Global Export Program provides funding for Queensland exporters to finalise a deal in a new market.
- The International Business Advisory Program provides international mentors for Queensland businesses.
- The Exporter Market Engagement Program gives Queensland exporters an opportunity to travel to their targeted export markets to do market research and make new business connections.

- Export Connections workshops are highly participative and interactive events to engage with Queensland's emerging and existing exporter community, with the aim of fostering export collaboration.

Study Queensland initiatives

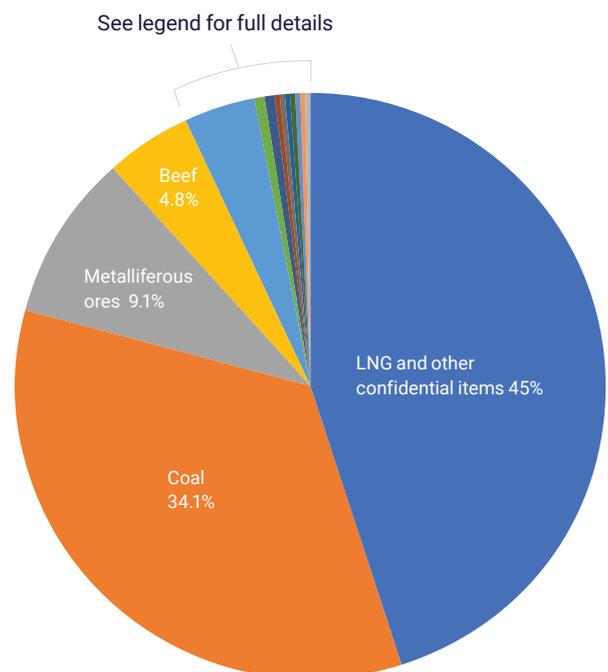
Study Queensland continues to make student welfare its top priority. The Queensland Government has invested in additional services for students so that they remain informed and supported during this global challenge. These services include providing information, advice and referrals on health care, employment, budget management, accommodation and legal services, as well as connecting students to social events and activities.

Study Queensland is supporting Chinese students' re-entry to Australia and will strengthen its promotion of Queensland's international education and training sector. It is liaising closely with students and other stakeholders to provide any assistance required, particularly to Chinese nationals.

Study Queensland is also supporting the international education and training industry with a \$2 million campaign to diversify the international student market and support re-entry from Chinese students.

Total value of Queensland goods exports to China (\$28,969 million) by major commodities (2019, \$ million)

	\$ million	
LNG and other confidential items	\$12,997	45.0%
Coal	\$9,860	34.1%
Metalliferous ores	\$2,630	9.1%
Beef	\$1,392	4.8%
Non-ferrous metals (mainly copper and zinc)	\$1,170	4.0%
Cork and wood	\$153	0.5%
Other manufactured goods and materials	\$122	0.4%
Hides and skins	\$122	0.4%
Other foods	\$93	0.3%
Mandarins	\$84	0.3%
Seafood	\$70	0.3%
Edible nuts	\$52	0.2%
Cereals	\$40	0.1%



For more information,
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