

From: Michael Snow [<mailto:msnow@ahec.org>] **Sent:** Wednesday, May 09, 2018 10:27 PM

Subject: Log Exports to China: Industry Input Requested by USDA-APHIS

This afternoon AHEC, along with the Hardwood Federation and several other hardwood trade associations and industry leaders participated in a conference call with APHIS Deputy Administrator Osama El-Lissy and his staff. The call was convened to discuss the developing situation in China regarding the ramped up inspections of containers with untreated logs. The Deputy Administrator started the call by recapping the issue in which the Chinese General Administration on Customs (GACC) announced that treatment of raw logs in country will no longer be allowed at Chinese ports and that logs fumigated in Hong Kong will no longer be allowed entry into mainland ports. Regarding the latter, evidently there has been some fraudulent documentation on shipments coming through Hong Kong—a development which is further hampering progress on this issue. Shipments at Chinese ports that are found to have pest contamination are either re-exported to the U.S. or destroyed—two outcomes that are problematic. According to USDA-APHIS staff, about 5,700 U.S. containers await inspection at or near ports in China and that number is expected to grow substantially in the coming days and weeks..

Deputy Administrator El-Lissy announced the he and his team have been in discussions with Chinese officials to resolve the situation with untreated logs and continue trade in these products with as little interruption as possible. Based on these discussions, China has agreed to allow for in-country fumigation for shipments that are currently on the water (prior to May 2, 2018) provided that the exporting company can demonstrate that it has successfully exported logs to China in the past. This concession does not apply to future shipments, however, and so negotiations with the Chinese government on this matter continue.

To facilitate collection of shipment information to demonstrate successful export transactions with China in the past, APHIS staff has created two spreadsheet templates (which are attached to this email):

1. **Hardwood logs (with bark) to China currently on the water**, which should contain all hardwood log (with bark) shipments to China currently on the water as of May 2, 2018.
2. **Hardwood logs (with bark) to China in 2017-2018**, which should contain a

history of hardwood log (with bark) shipments to China in 2017 and so far in 2018.

Please note that despite rumors to the contrary, currently this issue continues to be ONLY related to logs and not hardwood lumber.

We understand there is considerable frustration with the lack of any type of official guidance from either the Chinese or the US Government, but Deputy Administrator EI-Lissy assures us that APHIS officials in Washington DC and in China are in nearly daily contact with their Chinese counterparts on this and several other trade issues that have recently arisen on a variety of US agricultural exports.

AHEC will continue to monitor the situation along with our trade association partners and we will keep the industry informed on developments as they occur.

As always, please do not hesitate to contact me directly with any questions or concerns.

Regards,

Mike

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