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Holding a study meeting on timber export

The 155th Japan Timber Engineering Society was held at Nakashima Hall, The University of Tokyo on March 19 with the theme of "Learning the export of wood and wooden materials". Japan's wood export tends to expand due to more demand for timber in China and a growing popularity of Japanese cypress (*hinoki*) in Korea. In recent years, Japan has become more active in expanding its export sales channels to Taiwan, Vietnam, India, the U.S., and others. Also there is a company which manufactures and constructs wooden wall panels in Canada and the U.S., taking advantage of its manufacturing knowledge of the two-by-four method cultivated in Japan. The study meeting provided the latest information on the current status of Japanese timber export and the production of two-by-four panels in overseas so that the audience learned the sales expansion of timber and wooden houses in the future.

First, Junko Ogiso, a specialist in lumber from Wood Utilization Division of Forestry Policy Planning Department in the Forestry Agency gave a lecture entitled "The Current State of Timber Export from Japan to Overseas". The government states that use of Japan-grown wood shall be expanded to 40 million cubic meters by 2025 and that promoting export of wood products is indispensable for enlarging the demand. Although the export value of timber is steadily growing, low-priced and low-quality logs account for 40% of the export by item. And the number of export destination countries is limited. Ms. Ogiso pointed out that it is necessary to expand the export of value-added wood products such as lumber and plywood, as well as to open new export destinations.

Some of their country-specific efforts were also presented. To China, they will provide local designers and timber-related business operators with concrete information on design as the wooden structure design criteria are to be revised in China. To Korea, they will supply wood products certified as legitimate, mainly of Japanese cypress which is popular. Export of wooden fences made of Japanese cedar to the U.S. might have a business chance as demand for wooden fences is strong there.

Naoto Ando, president of the Japan Wood-Products Export Association said that Japan must clear technical issues related to resource development and timber utilization, gain competitiveness in globalization, and spread Japanese timber all over the world. What Japanese wood can attract users is ready to be promoted, such as acquisition of the

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Hot Topic:
Wooden Home Builders Association of Japan released the results of a research concerning the earthquake-resistance of wooden houses constructed between 1981 and 2000. >> Page 2

forest certifications, development of value-added products, rare and valuable precious wood, and so on. But certain explanations to overseas customers have been obviously insufficient so far. Mr. Ando stated that we have to learn about the circumstances of the export destinations carefully and spread Japanese wood as a Japan brand with sufficient communication with our counterparts.

Ryota Takahashi from material department of Mitsui Home Co., Ltd. reported on their business results and current status in Canada entitled "Panel Production and Export Business at Mitsui Home Canada". Mitsui Home Canada, founded in 1992 in Langley, British Columbia with approximately 120 employees, is engaged in wood products export, transportation and storage business for Japan, grading and cutting of products, processing and production of wooden panels. The export volume of lumber (SPF) from Canada to Japan has been flat to a slight decline. Their wooden wall panel supply business, which began in 2005, has been steadily increasing its track record for large-scale buildings in Canada and the U.S. Originally panel processing was done at the site in North America, so the factory production shortened the construction period to one third. In addition, the shortage of site workers has become a serious problem lately, so the company's panel production with short construction period and high precision has been highly appreciated by the customers who have used their products. The company has business results in projects of elementary school buildings and 5- to 6-story apartment houses in Canada. Also they launched a factory in California in December 2017 and have been working on large apartment properties in the U.S.

:Data:

Research concerning the earthquake-resistance of wooden houses

On January 17, 2018, Wooden Home Builders Association of Japan (known as Mokujukyo in Japanese) released the results of a research concerning the earthquake-resistance of "81-00 wooden houses". The definition of "81-00 wooden houses" is one- or two-storied wooden houses which were built by the conventional framework method and constructed between 1981 and 2000. In 1981, the standards for quake-resistance, which are regulated by Building Standards Act, were significantly revised. In 2000, the rules were revised again.

Among those houses built in or before 2000, to which Mokujyukyo received requests to do seismic diagnoses in 2017, the proportion of "81-00 wooden houses" is 58.1%. In the late three years, the ratios are relatively high.

Looking at the results of "81-00 wooden houses", whose earthquake-resistance Mokujyukyo checked based on the standards stipulated by the Japan Building Disaster Prevention Association, the newer the houses are, the stronger their quake-resistance tends to be. In "houses built in 2000", the proportion of the houses which satisfied the standards is 48.2%, and in "those in 1999", it is 43.1%. On the other hand, it is 5% in "houses built in 1981", and 6.7% in "those in 1982", which shows that the older the houses are, the lower the ratio. Even in "those built in 1995", the ratio is only 21%.

Among those who conducted seismic diagnoses on "81-00 wooden houses", the percentage of homeowners who carried out seismic strengthening works is 30.5% in all. Compared with other five-year periods, the ratio of those houses built in 1986-1990 is relatively high with 35.2%.

The cost for the seismic strengthening work tends to be smaller in newer houses than older ones even under the same standards. The percentage of the works whose costs were "lower than 1,500,000 yen" was 72.8% in "houses built in 1996-2000", and 47.3% in "those built in 1981-1985".

Mokujyukyo has also released the "Basic Data for Seismic Diagnosis (from April 2006 to November 2017)". During the period (11 years and 7months), the association did seismic diagnoses on 25,918 one- or two-storied wooden houses built by the conventional construction method and whose construction had started between 1950 and May 2000 (36.1 years old on average).

According to the data, 23,606 houses or 91.1% of the diagnosed single-family houses did not meet the quake-resistance standards and were assumed to possibly be collapsed from a big earthquake of an intensity 6 upper. The expected cost for seismic-strengthening works was 1,614,920 yen on average, and the median value of the actual cost was 1,400,000 yen.

Looking into the 12,665 houses (44.7 years old on average) which were built before 1980 under the old quake-resistance standards, 12,305 houses or 97.2% of all had problems with their seismic-resistance. With "81-00 wooden houses", 11,301 houses (85.3%) out of the diagnosed 13,253 houses (27.9 years old on average) did not meet the criteria. The average cost required to the seismic-strengthening works was 1,829,944 yen for those built before 1980, 1,459,843 yen for those built in or after 1981.

Wholesalers' view

Southsea timber market

According to the document released by the Japan Southsea Lumber Conference, in all parts of Java, Indonesia, the rainfall in April is expected to be at the normal level, but the rainfall in Kalimantan is expected to remain high for some time.

Inquiries for logs from plywood factories and sawmills are still active, and the prices have been increasing gradually. The pace of the arrival of logs is slowing down, and factories are struggling to secure them.

As for products, inquiries from Japan and third countries are still active. However, as plywood factories have failed to secure enough log volume, product shipment seems to be down to approximately 70-80% of the volume at the time of full-scale operation. As there is no prospect of securing logs, some of factories started refraining from accepting orders.

Malaysia has started getting more sunny days. The situation is similar in the mountainous area, and some started voicing their concern over the draught at the Baram River.

As the weather got better, plywood factories started receiving logs on a regular basis. However, the inventory increased only to a certain degree and is far from being ample. Considering the future prospect that the amount of logging will decline again due to fast and Hari Raya, factories fail to decide to increase their production.

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Imports of Southsea Logs by Origin

(1,000 cubic meter)

		Southsea Logs				
		Import				
		Total	Sabah	SRWK	Slmn.	PNG
2014		265.9	86.4	143.5	4.5	55.8
2015		243.4	98.8	89.7	18.8	36.0
2016		193.2	101.3	53.8	5.1	33.1
2017		146.8	71.2	40.7	6.0	28.9
2018	YTD	**44.4**	**23.5**	**7.9**	**0.0**	**13.0**
	Jan.	16.0	10.6	5.4	-	-
	Feb.	22.2	12.6	2.1	-	7.5
	Mar.	6.2	0.3	0.4	-	5.5
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sep.					
	Oct.					
	Nov.					
	Dec.					

Supply/Demand of Southsea Logs

(1,000 cubic meter)

		Southsea Logs				
		Import	Demand			Stock
		Total	Total	for PW	for Lbr	
2014		265.9	304.5	214.7	89.8	74.4
2015		243.4	248.1	190.3	57.9	69.7
2016		193.2	205.6	159.3	46.3	57.3
2017		146.8	174.5	135.5	39.1	57.3
2018	YTD	**44.4**	**45.1**	**36.0**	**9.1**	
	Jan.	16.0	11.0	7.8	3.3	34.5
	Feb.	22.2	21.3	17.7	3.5	35.4
	Mar.	6.2	12.8	10.5	2.3	28.8
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sep.					
	Oct.					
	Nov.					
	Dec.					

Import Results of Southsea Lumber Products

(unit: cubic meter; %)

	Overall Lumber Products			Lumber			Processed lumber			Free boards		
		YTD	y/y		YTD	y/y		YTD	y/y		YTD	y/y
2018 March												
China	5,805	33,566	-14.8	102	492	-17.2	1,502	10,118	-15.1	4,201	22,956	-14.6
Malaysia	4,292	16,943	-3.0	2,106	10,169	-11.6	1,852	5,661	14.2	334	1,113	9.9
Indonesia	11,359	36,554	-3.8	1,439	4,557	-12.8	2,542	9,730	-1.7	7,378	22,267	-2.7
Vietnam	1,960	9,349	-6.5	92	527	-41.1	440	2,204	7.8	1,428	6,618	-6.2
Philippines	1,032	2,969	-35.3	237	608	-68.6	193	649	-37.1	602	1,712	5.8

FOB of Southsea Logs

(US$ per cubic meter)

	2017		2018		
	Highest	Lowest	Mar 1st Week	Apr 1st Week	May 1st Week
Sarawak Logs					
Meranti SQ-up	301-305	275-279	302-306	304-308	**307-309**
Meranti Small (Small 70%, S.S. 30%)	256-260	229-233	256-260	256-260	**256-260**
Ocean Freight					
Sarawak	60.3	52.8	53.8	54.3	**54.3**
Yen/US$	-	-	106.9	106.9	**109.5**

SQ = second quality, S.S. = super small

They continue to adjust the production while being concerned about the inventory. In Sarawak, after the change in the forestry policy, it is getting more difficult than ever before to foresee the log situation.

As for products, there are many shippers who have many outstanding contracts for Japan and third countries, and shippers remain bullish.

The arrival of Southsea logs in March was 6,208 cubic meters while the shipment was 12,806 cubic meters. The inventory at the end of the month was down to 28,836 cubic meters or 2.00 months. As for the breakdown of the arrival, while there was an arrival from Papua New Guinea (5,490 cubic meters) as in February, the arrival from Sabah (307 cubic meters) and Sarawak (411 cubic meters) was small. The breakdown of the shipment was 10,467 cubic meters for logs for plywood and 2,339 cubic meters for logs for lumber.

The actual import of Southsea lumber products in March was 4,255 cubic meters for lumber (down by 18.0% from the previous year), 6,639 cubic meters for processed lumber (down by 4.8% from the previous year) and 14,605 cubic meters for free boards (down by 7.2% from the previous year). The total was 25,499 cubic meters (down by 8.6% from the previous year). In March, the arrival of lumber, processed lumber and free boards was all small.

:Housing data:

Housing Starts in March

According to a report released by the Ministry of Land, Infrastructure, Transport and Tourism on April 27th, Japan's housing starts in March were 69,616 units (down 8.3% from the same month in the previous year), falling below the previous year's results for nine consecutive months. The figure fell below 70,000 units for three months in a row for the first time since January to March 2015. The seasonally-adjusted annual rate was 895,000 units, decreasing by 3.4% from the previous month.

Looking at the results of March by owner-occupant, housing starts of owner-occupied houses were 20,576 units (down 4.2%), falling below the previous year's results for two consecutive months. The figure increased in Hokkaido, Hokuriku and Shikoku, but decreased in all of the other areas. It decreased 3.2% in Chubu area, and particularly in Aichi Prefecture, it showed a significant decrease of 8.3%. Housing starts of rental houses were 29,750 units (down 12.3%), falling below the previous year's results for 10 consecutive months. The figure decreased by 20.8% in Chubu area, and Kanto and Kinki area also saw a significant

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Housing Starts

(unit of home)

	TOTAL	Structure		Owner / Occupant			
		wooden	non-wooden	owner-occupied	rent	COH	built-for-sale
2017							
TOTAL	964,641	545,366	419,275	284,283	419,397	5,770	255,191
2018							
YTD	205,045	117,038	88,007	60,846	87,421	1,288	55,490
Jan.	66,358	38,962	27,396	20,257	28,251	402	17,448
Feb.	69,071	38,340	30,731	20,013	29,420	615	19,023
Mar.	69,616	39,736	29,880	20,576	29,750	271	19,019
Apr.							
May							
June							
July							
Aug.							
Sep.							
Oct.							
Nov.							
Dec.							

*source: Ministry of Land, Infrastructure, Transport and Tourism

*COH=company owned houses to be rented to their employees, etc.

decline. Housing starts of built-for-sale houses were 19,019 units (down 3.6%), of which condominiums were 7,865 units (down 8%). Condominiums decreased for the first time in two months because the figure in the mainstay Tokyo metropolitan area fell below the previous year's results. For single family houses, housing starts were 10,957 units (down 0.8%), remaining stable.

By construction method, housing starts of prefabricated houses were 9,292 units (down 10.5%), decreasing for 10 months in a row, and 2x4 houses were 8,719 units (down 4.4%), decreasing for two consecutive months. By structure, housing starts of wooden houses were 39,736 units (down 4.3%), and non-wooden houses were 29,880 units (down 13%). The ratio of wooden houses by the number of units was 57.1%, increasing by 1.6 points from the previous month.

Total housing starts for FY 2017 (April 2017 to March 2018) were 946,396 units, decreasing by 2.8% from the previous fiscal year.

Housing Starts by Region

(unit of home / %)

	Tokyo metropolitan		Chubu region		Kinki region		Other regions	
	unit	y/y	unit	y/y	unit	y/y	unit	y/y
2018								
JAN	24,301	-23.3	8,354	7.9	9,196	-19.4	24,507	-4.4
FEB	24,232	-3.7	7,960	-9.3	11,387	7.0	25,492	-3.2
MAR	23,181	-13.1	7,959	-10.9	10,788	-8.5	27,688	-2.8

Statistics

Plywood supply in March

Compiled by the Japan Plywood Manufacturers' Association from the Ministry of Finance's Trade Statistics, the amount of imported plywood in March was 202,019 m³ (22.8% decrease compared to the same month last year) becoming the lowest level since February 2009 (169,441 m³). An opinion from people involved in the market could be heard saying that the amount received and the amount in stocks are increasing, but the total results differ with their opinion. Among the amount received, especially 3 to 12 mm thin and medium thick material was low stalling below 75% of the previous month. Based on the country of import, the amounts were 82,129 m³ (19.1% decrease) from Malaysia, 73,614 m³ (12.4% decrease) from Indonesia, and 33,680

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Housing Starts of Built for Sale, Prefabricated and 2 x 4 homes

(unit of home / %)

	Built for Sale									
			Condominiums		Single family homes		Prefabricated homes		2 x 4 homes	
	unit	y/y	unit	y/y	unit	y/y	unit	y/y	unit	y/y
Annual Starts										
2014	237,428	-10.0	110,475	-13.4	125,421	-7.0	140,501	-4.0	111,503	-7.2
2015	241,201	1.6	115,652	4.7	123,624	-1.4	143,549	2.2	114,617	2.8
2016	250,532	3.9	114,570	-0.9	133,739	8.2	148,528	3.5	123,713	7.9
2017	255,191	1.9	114,830	0.2	138,189	3.3	139,012	-6.4	120,059	-3.0
Monthly Starts										
JAN. 2018	17,448	-27.5	6,525	-50.2	10,743	-1.1	10,600	-7.0	8,593	3.4
FEB	19,023	3.4	8,267	9.3	10,560	-1.3	10,063	-8.0	8,255	-3.0
MAR	19,019	-3.6	7,865	-8.0	10,957	-0.8	9,292	-10.5	8,719	-4.4
APR										
MAY										
JUN										
JUL										
AUG										
SEP										
OCT										
NOV										
DEC										

p.c.m=per cubic meter

Japanese market Indications

	2017	2018		
	May	April	May	
North American	(Yen; wholesale prices, on truck)			
Logs				
Hemlock Coast No.3, 12" up	22,320	24,120	24,120	p.c.m
Douglas Fir SS No.3, 12" up	27,000	29,880	29,880	"
Douglas Fir Coast No.3, 12" up	25,920	28,080	28,080	"
Douglas Fir mid-dia., 8/11, J-sort	23,400	25,920	25,920	"
Lumber				
Hemlock 105mm sq., roof beam, std.	53,000	55,000	55,000	p.c.m
Hemlock 105mm sq., roof beam, KD	58,000	60,000	60,000	"
Hemlock 90mm sq., purlin, std.	53,000	55,000	55,000	"
Hemlock 90mm sq., purlin, KD	58,000	60,000	60,000	"
Hemlock 45x105mm, KD, floor joist, 4m	50,000	51,000	51,000	"
Hemlock 105mm sq., preserved sill, 4m	54,000	56,000	56,000	"
Douglas Fir 90mm sq., purlin, KD	61,000	67,000	67,000	"
Douglas Fir 45x45mm, KD, rafter, 4m	56,000	62,000	62,000	"
Douglas Fir 45x105mm, solid, KD, floor joist, 4m	54,000	60,000	60,000	"
Douglas Fir 120mm sq., laminated, 6m	110,000	113,000	113,000	"
Douglas Fir hirakaku, KD, 3, 4m	57,000	61,000	61,000	"
Douglas Fir hirakaku, laminated, 3, 4m	140,000	110,000	110,000	"
Yellow Cedar 5" x 6W BC Clear	160,000	160,000	160,000	"
Yellow Cedar 120mm, sill (pithless), 4m	73,000	83,000	83,000	"
Spruce 8"3/4, board, Clear	240,000	240,000	240,000	"
European	(Yen; wholesale prices, on truck)			
Whitewood 105mm sq., 5-ply kudabashira, home-sawn	1,900	1,900	1,900	per piece
Whitewood 105mm sq., 5-ply kudabashira, imported	1,900	1,900	1,900	"
Whitewood 27x105mm, solid, 3m, Central	49,000	48,000	48,000	p.c.m
Whitewood 27x105mm, solid, 3m, Nordic	49,000	48,000	48,000	"
Whitewood 30x105mm, solid, 3m, Central	49,000	48,000	48,000	"
Whitewood 30x105mm, solid, 3m, Nordic	49,000	48,000	48,000	"
Whitewood rough lamina, randam length, Central	37,000	43,000	45,000	"
Whitewood rough lamina, randam length, Nordic	37,000	43,000	45,000	"
Redwood hirakaku, laminated, 3~6m	61,000	67,000	67,000	"
Dimension Lumber	(Yen; wholesale prices, on truck; green count)			
SPF 2x4~8", KD 10~20' J-grade	47,200	51,500	52,700	p.c.m
SPF 2x10", KD 10~20' J-grade	51,200	56,500	57,700	"
Whitewood 2x4~8", KD 10~16' J-grade	47,200	49,500	50,700	"
Whitewood 2x10", KD 10~16' J-grade	52,200	54,500	55,700	"
Japanese	(Yen; wholesale prices, on truck)			
Logs				
* Japanese Cedar (Akita) 3.65-4m, 14-22cm dia.	11,100	11,400	11,200	p.c.m
* Japanese Cedar (Fukushima) 3.65-4m, 14-22cm dia.	10,200	11,600	11,400	"
* Japanese Cypress (Gifu) 3.65-4m, 14-22cm dia.	16,400	17,300	17,300	"

* The source of these items has been changed since January 2018.

Japanese Market Indications

	2017	2018		
	May	April	May	
Japanese	(Yen; wholesale prices, on truck)			
Lumber				
* Japanese Cedar post 10.5cm sq., 3m	57,600	61,100	61,100	p.c.m
* Japanese Cedar post 10.5cm sq., 3m KD	66,300	66,300	66,300	"
* Japanese Cedar roof beam 10.5cm sq., 3.65-4m	52,200	54,000	54,000	"
* Japanese Cypress post 10.5cm sq., 3m	80,000	76,700	76,700	"
* Japanese Cypress post 10.5cm sq., 3m, KD	84,100	83,400	83,400	"
Japanese Cedar kowari lumber (Akita)	240	240	240	per piece
Russian	(Yen; wholesale prices, on truck)			
Logs				
Whitewood mid-dia., short-length in Toyama market	5,800	6,500	6,500	per koku
Larch mid-dia., short-length in Toyama market	5,600	6,300	6,300	"
Red Pine mid-dia., short-length in Toyama market	6,000	7,000	7,000	"
Lumber				
Whitewood rafter in Chukyo market, KD	59,000	64,000	64,000	"
Whitewood rail in Chukyo market	47,000	52,000	52,000	"
Radiata Pine	(Yen; wholesale prices, on truck)			
Logs				
New Zealand, A-sort	4,200	4,500	4,500	per koku
Lumber				
board, Chile				
12.0mm x 4m, random width (120,150, 180, 210mm)	35,000	37,000	37,000	p.c.m
Southsea	(Yen; wholesale prices, on truck)			
Logs for plywood				
Meranti (Hill SRWK) ordinary lot	12,070	12,000	12,500	per koku
Meranti (Hill SRWK) small lot	9,600	10,000	10,500	"
Kapur (SRWK)	13,500	-	-	"
Plywood	(Yen; wholesale prices, on truck)			
Type II 2.3mm x 910 x 1820, F4-star	520	640	640	per sheet
Type II 4.0mm x 910 x 1820, F4-star	680	760	760	"
Type II 5.5mm x 910 x 1820, F4-star	790	900	900	"
Concrete form (CF) Type I 12.0mm x 900 x 1800	1,270	1,420	1,420	"
Imported CF JAS 12.0mm x 900 x 1800	1,220	1,350	1,350	"
Imported structural PW JAS 12.0mm x 910 x 1820, F4-star	1,300	1,430	1,430	"
Structural Softwood PW 12.0mm x 910 x 1820, F4-star	1,100	1,150	1,150	"
Structural Softwood PW 24.0mm x 910 x 1820, F4-star	2,500	2,570	2,570	"
OSB	(Yen; wholesale prices, on truck)			
JAS 9.5mm x 910 x 2440	760	830	860	per sheet
JAS 12.0mm x 910 x 1820	760	820	840	"

* The source of these items has been changed since January 2018.

m³ (44.3% decrease) from China. The value of plywood imports in March (CIF price) was 11.97043 billion yen (15.8% decrease) falling below the results of the same month in the previous year for the first time in 2 months.

According to *Plywood Statistics* compiled by the Ministry of Agriculture, Forestry and Fisheries, the amount of production of regular plywood in March was 276,415 m³ (0.1% decrease), the amount of shipments was 263,372 m³ (1.4% decrease), and the amount of stocks at the end of the month increased to 126,752 m³ (12.6% increase). Manufacturers are continuing with full operations, and the amount of production increased 9.4% compared to the previous month. On the other hand, the amount of shipments did not reach the results of the same month in the previous year because shipping was delayed due to a shortage of truck drivers and because precut lumber factories and builders adjusted the amounts of purchase. Within the amount of regular plywood production, the amount of softwood plywood production in March was 266,760 m³ (0.8% increase), the amount of shipments was 251,753 m³ (1.2% decrease), and the amount of stocks at the end of the month was 117,709 m³ (24% increase).

The amount of plywood exports in March was 10,908 m³ (14.6% increase) exceeding 10,000 m³ for the 2nd consecutive month. The amount increased compared to the results of the same month in the previous year for the 10th consecutive month, and the amount exported to the Philippines accounted for 96.4% of the total amount.

Amount of Imported Plywood by Countries

m³; %

	Overall Amount of Imported Plywood		Malaysia		Indonesia		China		New Zealand		Taiwan	
		y/y		y/y		y/y		y/y		y/y		y/y
2018												
JAN	273,856	-11.2	103,522	-22.4	87,674	-1.0	63,600	-7.9	1,190	-29.7	6	-75.0
FEB	236,781	14.7	85,798	-11.2	78,710	19.9	55,171	69.4	1,049	49.9	0	-100.0
MAR	202,019	-22.8	82,129	-19.1	73,614	-12.4	33,680	-44.3	846	-48.2	24	700.0
YTD	712,656	-8.2	271,449	-18.2	239,998	0.7	152,451	-5.9	3,085	-23.4	30	11.1

Supply and Demand of Softwood Plywood

m³; %

	Domestic Production		6mm & below		6-12mm		12-24mm		24mm & over		Shipment		Inventory	
		y/y		y/y		y/y		y/y		y/y		y/y		y/y
2018														
JAN	245,470	7.8	2,916	59.1	25,934	-11.1	117,338	9.2	99,282	11.1	252,212	7.3	98,469	18.1
FEB	242,871	3.8	2,726	52.6	31,429	11.8	115,598	7.4	93,118	-3.5	238,148	2.8	102,211	20.8
MAR	266,760	0.8	3,081	69.4	33,776	-5.5	125,251	5.4	104,652	-3.2	251,753	-1.2	117,709	24.0
YTD	755,101	4.0	8,723	60.0	91,139	-2.0	358,187	7.3	297,052	1.1	742,113	2.8	-	-

Supply and Demand of Regular Plywood

m³; %

	Domestic Production		6mm & below		6-12mm		12-24mm		24mm & over		Shipment		Inventory		Imports		Total Supply in Japan	
		y/y		y/y		y/y		y/y		y/y		y/y		y/y		y/y		y/y
2018																		
JAN	256,732	6.6	5,266	-18.2	28,699	-8.9	122,629	8.5	100,138	11.4	264,497	5.9	108,060	6.9	273,856	-11.2	530,588	-3.4
FEB	252,736	2.6	5,172	-20.2	33,365	10.1	120,505	7.0	93,694	-3.5	249,759	2.1	112,402	9.5	236,781	14.7	489,517	8.1
MAR	276,415	-0.1	5,317	-21.1	35,946	-4.6	130,088	5.1	105,064	-3.1	263,372	-1.4	126,752	12.6	202,019	-22.8	478,434	-11.1
YTD	785,883	2.9	15,755	-19.9	98,010	-1.5	373,222	6.8	298,896	1.2	777,628	2.1	-	-	712,656	-8.2	1,498,539	-2.7

Plywood Market 2nd Week May

As for domestic softwood plywood for the structural use, there was a sense of lull in the movement of products before consecutive holidays especially on the general distribution route. Some of items showed a slight sense of surplus. The production of domestic softwood plywood in March was 266,760 cubic meters, and the inventory amounted to 117,709 cubic meters or 124% of the previous year level. The inventory is showing an upward tendency, and the areas where a sense of product shortage was felt (Kyushu, etc.) are currently regaining stability. No major disruption is taking place in the market for 9mm items and 15mm items that are showing a tendency of shortage. People in the industry are now paying attention to the recovery in the movement of products after consecutive holidays.

As for the imported plywood, even though there are inquiries mainly for thin 3-ply items and 9mm items for the structural use that are showing a sense of shortage in the market, the market has been stable overall. The arrival in March was very low, standing at 202,019 cubic meters or 77.2% of the level in the same month in the previous year, but there was no direct impact on the construction sites as the movement of products was sluggish with a sense of lull in the market in April. However, there remains a concern over whether there will be sufficient supply of products when the demand period starts in future. When the increase in local prices and the weak yen are taken into consideration, it is for sure that the cost of products that will arrive in future will be high. Domestic distributors are facing a tough task of figuring out how they transfer the increase in the cost to selling prices.

Canadian SPF Dimension Lumber

The import prices of Canadian SPF dimension lumber in early May were $630/mfbm for 2x4, 2x6 and 2x8 items and $730/mfbm for 2x10 item. The prices of 2x4, 2x6 and 2x8 items were up by 10 dollars from the previous month while the price of 2x10 item was unchanged from the previous month. In producing areas, the prices of J-grade products for Japan continue to set a record high, and the importers are voicing their concerns, saying that the market for J-grade products in Japan may disappear if the prices continue to increase further.

In mid-April, a leading supplier of J-grade products held a 25th anniversary reception in Tokyo, inviting its clients. At the reception, the topic that most received the attention was the issue of supply volume, and the company stated that it would continue to supply its Japanese clients with the promised volume as it had been doing so. This shows that both suppliers and clients are currently very nervous about the supply volume. Behind this background, there is a situation where the timber demand in the U.S. is very strong as mentioned by an importer.

While those in the upstream are strongly concerned, not much change has been seen in the perception of those in the downstream. The housing start figure for 2x4 housing in March that was announced recently was 8,719 units (2,226 units for owned houses, 5,385 units for rental houses, 1,086 units for houses built for sale and 22 units for others), down by 4.4% from the same month in the previous year. Compared to the previous year, the figure for owned houses and houses built for sale increased while the figures for rental houses declined. Panel factories are overwhelmed with the material costs that continue to increase. However, housing manufacturers and builders who request for processing the materials remain slow to react to the situation.

News in Brief

Nisshin Co., Ltd. (Sakaiminato City, Tottori Prefecture) recently completed construction of its Mie Factory (Taki Town, Mie Prefecture) and held a ceremony for its completion on March 26. With employees and people involved in the construction and in manufacturing woodworking machinery in attendance, a Shinto ceremony was held from 10:00 with a prayer being made for the safety of the factory. After the Shinto ceremony, a ceremony was held for the start of the rotary lathe signaling the start of operations of the factory with full-scale operations beginning in April. The total cost of the construction of the factory was about 7.0 billion yen, and about 50 employees were hired mainly from the local area. The latest machinery was installed such as the rotary lathe from Meinan Machinery Works, Inc. and an accordion press from Taihei Machinery Works, Ltd., and structural plywood using regional lumber focusing on lumber produced in Mie Prefecture and floor boards for non-structural use will be manufactured. The amount of logs to be used in the first year is 108,000 m^3 with an aim for 120,000 m^3 in the future.

As of March 19, the 27 company members of the Japan Paper Association were registered as lumber related businesses based on the Clean Wood Act. Through the Forest Economic Research Institute as a mandated introduction agency, a collective application of the 27 company members was made with the Japan Gas Appliances Inspection Association, a registration agency, and was approved. When applications are made for registration as a lumber related business under the Clean Wood Act, multiple companies and associations such as group companies including all the companies of an industrial association, parent companies, and related subsidiaries can make a collective application. In this case, the industrial association, parent company, or the association that is carrying out the registration application will make a collective application with a registration agency for the company members and the subsidiaries. For this current application and registration, the Forest Economic Research Institute made the application for the 27 member companies involved in paper manufacturing and was the first to be approved as a collective application.

The construction of a high-rise building using CLT flooring material began on March 26 in Sendai City, and the completion of construction is scheduled for February of next year. The owner of the building is Mitsubishi Estate Co., Ltd., and the design and construction is being conducted by Takenaka Corporation. The amount of CLT to be used is scheduled to be about 230 m^3 as structural material (flooring and walls). The construction area covers about 520 m^2. The building is a composite construction of wood and steel framed construction and is 10 stories high with 39 rental apartments. The building uses technology certified for 2-hour fire resistance by the Ministry of Land, Infrastructure, Transport and Tourism for CLT flooring, which was acquired last year by 4 companies including Takenaka Corporation and Mitsubishi Estate. In addition, CLT fire resistant walls and Takenaka Corporation's "Moen Wood" columns, which is a fire resistant, laminated lumber material that was certified by the Ministry of Land, Infrastructure, Transport and Tourism for 2 hour fire resistance for structural members (columns and beams) in January, will be used. The use of all this lumber in a mid to high-rise building of 10 stories with a steel framed construction is the first time in Japan. The CLT fire resistant flooring system is layered in order from the bottom with reinforced gypsum board, CLT floor panel, top concrete, and gypsum based SL plaster and will be used in the 4^{th} to 10^{th} floors. Compared to the use of lightweight, foam-like concrete panels and reinforced gypsum boards, labor saving in the construction work and reducing the construction period is possible. Business as rental apartments will take place after the construction completion, and data concerning the performance of the building will be continuously collected.

The budget for fiscal 2018 was approved on March 28. The total amount is 97.7128 trillion yen increasing 0.3% compared to the initial budget of the previous fiscal year. Within the total amount, the amount for the Forestry Agency was 299.7 billion yen (1.4% increase). Public works spending was allotted 190.0 billion yen, and within this amount, general public works spending totaled 180.0 billion yen while spending for disaster recovery was 10.0 billion yen. Within general public works, spending for forest maintenance projects was 120.3 billion yen while spending for forest conservation projects was 59.7 billion yen, so the total public works spending was the same as the initial budget for the previous fiscal year. Non-public works spending was 109.7 billion yen (3.9% increase). Within non-public works spending, "comprehensive measures for forestry as a growth industry (partially public works)" was newly allocated 23.47 billion yen. Taking steps in advance of the "new forest management system", which the Forestry Agency is aiming to introduce from 2019, management and administration of forests will be consolidated and integrated into "forestry management body that has desire and abilities", and in concerned regions, essential support will be given to road network maintenance, introduction of machinery, human resources development, and disaster prevention measures. With these projects, the supply and amount of use of domestic lumber is expected to expand from 25.0 million m³ in 2015 to 40.0 million m³ in 2025.

Sponsored by the non-profit organization, PEFC (Programme for the Endorsement of Forest Certification) Asia Promotions, with the co-sponsorship of SGEC (Sustainable Green Ecosystem Council) and PEFC Japan (PEFC National Governing Body in Japan), the seminar titled "SDGs – today's hottest focus of attention and SGEC/ PEFC Forest Certification" was held on March 20 in Minato Ward, Tokyo at Ishigaki Memorial Hall located in the Sankaido Building. At the seminar, Professor Norichika Kanie of Keio University, Graduate School of Media and Governance and Senior Research Fellow of the United Nations University Institute for the Advanced Study of Sustainability gave the keynote lecture titled "The Idea of SDGs and Why SDGs now?" followed by Makiko Horio of PEFC Asia Promotions speaking about concrete examples related to SDGs and PEFC in a lecture titled "SDGs and SGEC / PEFC International Forest Certification". Finally as actual cases of the active development of the PEFC Certification at companies, presentations were made by Nippon Paper Industries Co., Ltd. Paper Pack Sales Division and Tombo Pencil Co., Ltd. Intellectual Property Department. About 120 people attended the seminar, and with opportunities to see SDGs in the media increasing recently, their knowledge concerning SDGs (Sustainable Development Goals) has been deepened.

The Forestry Agency recently estimated the percentage of wood construction (based on floor area) of public buildings, which started construction in fiscal 2016 (April 2016 to March 2017) to be 11.7% (same value as the previous year). Also according to "Basic Policy Concerning the Promotion of the Use of Wood in Public Buildings", the percentage of wood construction of low-rise (3 stories or less) public buildings, in which the change to wood construction is being actively promoted, was 26.4% (0.4 point increase). Looking at the percentage of wood construction of public buildings based on prefectures, the highest percentage was in Akita with 36.8% holding the top spot for the 3rd consecutive year followed by Aomori with 32%, Iwate with 27.1%, both Gifu ad Miyazaki with 25.5%, and both Shimane and Gunma with 23.8%. On the other end, the lowest percentage was in Okinawa with 0.2% continuing with Tokyo with 2.8%, Osaka with 4.1%, and Hiroshima with 5.5%. On other prefectures, the percentage was Mie with 15.7%, Nagano with 16.6%, Aichi with 12.7%, and Shiga with 21.7%. Limited to low rise public buildings, the percentage of wood construction was the highest in Yamagata with 57.2% followed by Akita with 54.1%, Aomori with 46.4%, Shimane with 44.9%, and Gifu with 40.2% exceeding 40% for these 5 prefectures.

On April 2, Polus Garden Hills Co., Ltd., which plans, designs, and sells wood constructed, single –family homes-built-for-sale focusing in the northwest area of Chiba Prefecture as a part of the Polus Group, held a tour of Wood Garden, the company's new wood constructed, three-story office building, which was constructed in front of Mabashi Station in Matsudo City, Chiba Prefecture. The structure of the new office building uses "coupled columns (larch)", "coupled beams (European red pine)", "layered beam (7 sun beam; 1 sun = 3.03 cm)", and "CLT load bearing walls", all developed by Polus Kurashi Kagaku Kenkyujo Co., Ltd. and built with the wooden post and beam construction method, a large open space was made for the office. Also with the large use of lumber for the interior of the meeting area on the first floor, a "comfortable space where conversations in a relaxed mood can be made" was targeted. By combining laminated lumber (squared 105 mm and 120 mm) that is in general distribution with the use of screws, the "coupled columns" is a column that can be designed as a structural component almost equivalent to large dimension. As a displayed component, it can be seen and used, and it has a semi-fire resistant performance of 60 minute. With the assumption of showing it as a part of the "curtain wall," the "CLT load bearing wall" was developed using CLT (3 layered cross laminated panels of cedar) with beautiful wood grain.

With the approval of 15 companies involved in manufacturing large dimension laminated lumber, the Japan Laminated Wood Products Association has been working on the standardization of large dimension laminated lumber and announced the average price on April 10. In the future at the stage when the distribution of standard structural components is decided, the listed price in construction price publications and collected data will be requested. Among the standardized sizes, the length will be 7.2 m for rectangular lumber and 8 m for squared lumber. These sizes will be targeted for three and four story office buildings, where lumber and laminated lumber are difficult to use, and for two story buildings with open space spans in which mid-dimension cannot be used. The width is based on 180 mm, 210 mm, and 240 mm assuming cases of using the "marginal burn" design ("moeshiro" in Japanese) and connectors such as lag screws and bolts. The kind of wood is cedar and larch, and the strength is in the strength class that can be purchased in general. In the future, the association is expected to examine the addition of other standard components and addition of extra components (especially versatile joining components). The announced price is a price limited to the standard components, and other than the standard components, it will respond to custom made products as before.

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