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2018 Seminar on the Promotion of Exports of Domestic Lumber Products

The Japan Wood-Products Export Association held a seminar titled “2018 Seminar on the Promotion of Exports of Domestic Lumber Products” at the Japan-China Friendship Center located in Korakuen, Tokyo on June 25. Since its establishment in 2004, the association has been actively engaged in promoting activities and supporting exports of domestic lumber products in cooperation with local governments and businesses, and the results are reflected in a significant increase in lumber exports. A number of companies and government officials who are involved in exporting domestic lumber materials participated in the seminar and deepened their knowledge about the current state of exports and future prospects.

At the start of the seminar, Mikihiro Inoue, the secretary-general of the association, gave the opening remarks followed by a lecture titled “Needs and Uses of Lumber Products in Thailand” by Atsuo Ida, a special researcher at the association. He spoke about the Thai economy in summary, the climate and forestry situation, the lumber supply and demand situation, and the conditions of import and export, and he raised a number of issues related to exporting Japanese lumber such as “improving the awareness of the lumber industry”, “improving the awareness of the lumber consumers”, and “attaining and maintaining presence (exhibition of cases of lumber use)”.

In the second lecture titled “Revision of China’s Wood Structural Design Standards”, Fumio Kamiya of Seihoku Corporation spoke about the revision of the design standards, which include Japanese tree species and post and beam construction method, and the history and the contents of the design standards that was enforced from August 1.

With the revision, Japanese cedar, cypress, and larch are covered by the standard strength, and buildings constructed under the post and beam construction method with 3 stories or less and a height of 3.6 meters or less for each floor and a total floor area of 600 square meters or less can be constructed in China with simple design calculations. He also spoke about the revision of the “Wood Structure Design Manual” that includes the outline of the structure, joints, load-bearing walls, and N value calculation methods.

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Hot Topic:
According to the report released by the Japan Housing Finance Agency, the foundations of homes and the shapes of roofs have changed with the passage of time.
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After the lectures, Naoto Ando, the chairman of the association, gave a summarizing speech and said, "For exports, looking at the long term is necessary; it will take time," and he called out for the cooperation of all Japan while moving ahead with the preparation of mountains.

:Data:

2017 survey on specifications for homes

Japan Housing Finance Agency has released "An Investigation Report on Specifications for homes (Fiscal 2017)". The report indicates that the foundations of homes and the shapes of roofs have changed with the passage of time. The report is conducted every five years. This time, the research was made in November-December 2017. The target was newly-built single-family houses (built by timber framework method only) that passed the design inspection for "Flat 35" after having applied for it in and later than April 2017. The summary of the collected 3,000 samples is as follows:

As to the "Structure of Houses", the ratio of "wooden structure (durable)" was 70%, that of "semi-fireproof (ordinance quasi-fireproof) structure" was 27.3% and that of "semi-fireproof (semi fireproof A and B) structure" was 2.7%. "Semi-fireproof (ordinance quasi-fireproof) structure", which became possible for a wooden framework house, has gradually been recognized as its fire insurance premium is reduced. As a result, the rate of "semi-fireproof (ordinance quasi-fireproof) structure" has increased by nearly ten points compared with 18% five years ago.

Concerning "Foundation of Houses", the ratio of "concrete mat foundation" was 90.9%, that of "reinforcing base for continuous footing" was 9.1%. Until twenty years ago, majority of houses had been built on "reinforcing base for continuous footings", but recently, "concrete mat foundation" has become more popular. This is because of long useful life, the moisture prevention and ant-proof function, and because it requires less work to dispose the waste soil.

About "Materials for Foundations", 73.7% of the answers were "solid wood" and 25.3% were "laminated lumber" and others, which are almost the same as the results in the previous survey made five years ago. Concerning the wood species, the ratio of "cypress" accounted for 67.4% of all.

As for the "Sizes of Posts Through the Second Floor", 49.7% replied "12 square centimeters", 28.4% said "10.5 square centimeters", and 21.3% answered "no posts". The percentage of "10.5 square centimeters" increased by more than 10 points compared with five years ago, while that of "12 square centimeters" decreased by more than 20 points. The answer, "no such posts" also jumped up from 9.4% in the previous research. The agency analyzes the results as follows: 1) With the spread of precut lumber, the sizes of posts have been standardized, which pushed up the ratio of the posts through the second floor with "10.5 square centimeters" as the size is the same as other posts. 2) On the background of the increased answer "no such posts", there is the improved quality of joint metal fittings. 3) Due to the increased number of projecting (cantilevered) balconies and increased degree of freedom in designs, the proportion of houses using the connective post method, which doesn't require the posts through the second floor, has increased.

In the materials of posts through the second floor, the ratio of "solid wood" was 33.8%, that of "laminated lumber" was 65.9%, showing the proportion of "solid wood" increased by seven points from five years ago. The larger the size is, the higher the ratio of "solid wood" tends to be. Among "10.5 square centimeter" logs, "laminated lumber" accounted for 84.9%. 56% of the total answered "unclear".

To the questionnaires about "Specifications of Exterior Walls", 87.8% answered "siding", 4% said "mortar finish", and 0.7% said "boarded" or others. Compared with the results in five years ago, the percentage of "siding" increased a little.

As for "Window Sash Frames", 38.3% answered "aluminum", 32.8% said "composite materials of metal with wood or plastic", and 23.1% responded "plastic". In the survey conducted five years ago, the ratio of "aluminum" was more than 70%. However, to fulfill the duty of energy-saving, the ratios of sash frames made of "plastic" and "composite materials" have increased over the past five years.

:Housing data:

Housing Starts in June

According to a report released by the Ministry of Land, Infrastructure, Transport and Tourism on July 31st, Japan's housing starts in June were 81,275 units (down 7.1% from the same month in the previous year), falling below the previous year's results for the first time in three months. When compared to the previous month, the figure increased by

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2.2%. The seasonally-adjusted annual rate was 915,000 units, decreasing by 8.2% from the previous month.

Looking at the results of June by owner-occupant, housing starts of owner-occupied houses were 25,148 units (down 3.4% from the same month of the previous month), falling below the previous year's results for five months in a row. By region, the figure significantly decreased in Chubu area (down 14.6%), and other areas such as Shikoku, Kanto including the Tokyo metropolitan area, and Chugoku also saw a decrease.

Housing starts of rental houses were 34,884 units (down 3%), falling below the previous year's results for 13 consecutive months. The figure decreased by 17.1% in Kyusyu area and by 7.4 % in Kanto area, falling below the same month in the previous year when housing starts were very strong because constructions increased for

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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								
APR	28,835	-4.6	9,447	10.1	13,392	13.4	32,552	-2.5
MAY	26,574	-4.2	9,860	19.1	14,140	27.2	28,965	-7.6
JUN	27,399	-15.1	9,308	-6.2	11,737	-2.2	32,831	-1.3

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	450,085	251,933	198,152	132,604	188,835	4,027	124,619
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.	84,226	45,213	39,013	23,289	35,447	586	24,904
May	79,539	43,399	36,140	23,321	31,083	1,191	23,944
June	81,275	46,283	34,992	25,148	34,884	962	20,281
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.

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	24,904	5.0	12,350	2.1	12,324	7.1	9,879	-10.8	10,189	0.6
MAY	23,944	12.2	11,861	20.7	11,944	5.8	9,870	-11.5	8,464	-12.2
JUN	20,281	-18.8	8,253	-36.2	11,903	0.7	11,820	-5.3	10,089	-7.0
JUL										
AUG										
SEP										
OCT										
NOV										
DEC										

inheritance tax saving purposes.

Housing starts of built-for-sale houses were 20,281 units (down 18.8%), of which condominiums were 8,253 units (down 36.2%), falling below 10,000 units for the first time in three months. The figure decreased significantly in the mainstay Tokyo metropolitan area by 44% from the same month of the previous year when it was very favorable. The figure in Kinki area was 1,104 units due to the reactionary drop from the high level of housing starts in May. On the other hand, housing starts of single-family houses were 11,903 units (up 0.7%), increasing for three consecutive months. Although the increase or decrease varied by area, the figures as a whole have been strong.

By construction method, housing starts of prefabricated houses were 11,820 units (down 5.3%), decreasing for 13 months in a row, and 2x4 houses were 10,089 units (down 7%), decreasing for two consecutive months. 2x4 house segment has struggled with a decline in rental houses while prefabricated house segment has struggled with a decline in owner-occupied houses and rental houses.

By structure, housing starts of wooden houses were 46,283 units (down 3.1%), while non-wooden houses were 34,992 units (down 11.8%). The ratio of wooden houses by the number of units was 56.9%, increasing by 2.3 points from the previous month. Total housing starts during January to June 2018 were 450,085 units (down 4.9% from the same period of the previous year).

:Wholesalers' view:

Southsea timber market

According to the document released by the Japan Southsea Lumber Conference, Indonesia is in the midst of dry season, and logs are supplied at the 100% level. The demand also remains extremely strong. Prices of logs continue to be in a state of plateau while the supply does not exceed the demand.

Plywood factories have secured enough logs, and they are manufacturing products smoothly. While inquires from Japan are on a slightly weak note, inquiries from the U.S are still steady. Plywood prices remain at high levels as prices of logs do.

In Malaysia, Sabah and Sarawak are experiencing dry season weather. In Sarawak, holidays ended, and workers came back to mountains. However, the cut and shipping volume of logs increased only slightly, and inventory at plywood factories is still insufficient. In Sabah, the new government is conducting a field research in each logging area, and how the future supply of logs will be affected by the research results is not clear.

In Malaysia, many factories are continuing their plywood production while taking a log situation into consideration. There is a feeling that prices of products for Japan have reached the ceiling. However, as a certain amount of orders has been secured and the minimum wage is

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expected to increase in future, there is no change to the way shippers react under the present conditions.

The arrival of Southsea logs in June was 13,101 cubic meters while the shipment was 11,589 cubic meters. The inventory at the end of the month increased to 24,033 cubic meters or 1.67 months. As for the breakdown of the arrival, the arrival from Sarawak

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FOB of Southsea Logs

(US$ per cubic meter)

	2017		2018		
	Highest	Lowest	June 1st Week	July 1st Week	August 1st Week
Sarawak Logs					
Meranti SQ-up	301-305	275-279	305-309	308-312	**311-315**
Meranti Small (Small 70%, S.S. 30%)	256-260	229-233	256-260	272-276	**301-305**
Ocean Freight					
Sarawak	60.3	52.8	54.3	55.5	**59.0**
Yen/US$	-	-	109.5	110.5	**111.6**

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

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	**80.7**	**86.2**	**69.1**	**17.1**	
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.	7.1	10.1	6.3	3.7	25.9
May	16.1	19.4	17.2	2.1	22.5
June	13.1	11.6	9.6	2.0	24.0
July					
Aug.					
Sep.					
Oct.					
Nov.					
Dec.					

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	**80.7**	**37.1**	**20.1**	**0.0**	**23.4**
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.	7.1	-	6.0	-	1.1
May	16.1	13.6	2.4	-	-
June	13.1	-	3.7	-	9.4
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 June												
China	11,575	74,925	-13.9	111	958	-17.6	3,318	22,068	-16.2	8,146	51,899	-12.9
Malaysia	5,372	35,548	3.8	3,495	21,800	0.0	1,625	11,643	11.7	252	2,105	4.8
Indonesia	12,448	74,515	-4.3	1,823	9,812	-1.5	3,224	19,425	-6.6	7,401	45,278	-3.8
Vietnam	3,327	19,411	-7.2	205	1,046	-42.9	677	4,517	3.1	2,445	13,848	-5.8
Philippines	995	5,528	-41.5	303	1,237	-72.7	168	1,179	-34.1	524	3,112	-0.6

p.c.m=per cubic meter

Japanese market Indications

	2017	2018		
	Aug	Jul	Aug	
North American	(Yen; wholesale prices, on truck)			
Logs				
Hemlock Coast No.3, 12" up	23,400	24,120	24,120	p.c.m
Douglas Fir SS No.3, 12" up	28,080	29,880	29,880	"
Douglas Fir Coast No.3, 12" up	26,280	28,080	28,080	"
Douglas Fir mid-dia., 8/11, J-sort	24,480	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	52,000	52,000	"
Hemlock 105mm sq., preserved sill, 4m	54,000	57,000	57,000	"
Douglas Fir 90mm sq., purlin, KD	61,000	69,000	69,000	"
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 6" BC Clear	160,000	160,000	160,000	"
Yellow Cedar 120mm, sill (pithless), 4m	78,000	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	48,000	48,000	49,000	p.c.m
Whitewood 27x105mm, solid, 3m, Nordic	48,000	48,000	49,000	"
Whitewood 30x105mm, solid, 3m, Central	48,000	48,000	49,000	"
Whitewood 30x105mm, solid, 3m, Nordic	48,000	48,000	49,000	"
Whitewood rough lamina, randam length, Central	40,000	45,000	40,000	"
Whitewood rough lamina, randam length, Nordic	40,000	45,000	40,000	"
Redwood hirakaku, laminated, 3~6m	63,000	67,000	65,000	"
Dimension Lumber	(Yen; wholesale prices, on truck; green count)			
SPF 2x4~8", KD 10~20' J-grade	48,300	52,700	54,000	p.c.m
SPF 2x10", KD 10~20' J-grade	52,300	57,700	59,000	"
Whitewood 2x4~8", KD 10~16' J-grade	45,250	50,700	52,000	"
Whitewood 2x10", KD 10~16' J-grade	52,700	55,700	57,000	"
Japanese	(Yen; wholesale prices, on truck)			
Logs				
* Japanese Cedar (Akita) 3.65-4m, 14-22cm dia.	10,800	11,100	11,300	p.c.m
* Japanese Cedar (Fukushima) 3.65-4m, 14-22cm dia.	10,600	12,100	12,100	"
* Japanese Cypress (Gifu) 3.65-4m, 14-22cm dia.	18,600	17,300	16,900	"

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

Japanese Market Indications

	2017	2018		
	Aug	**Jul**	**Aug**	
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	65,400	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	80,200	76,700	76,600	"
* Japanese Cypress post 10.5cm sq., 3m, KD	84,800	83,400	83,200	"
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	6,500	6,500	"
** 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	4,650	per koku
Lumber				
board, Chile				
12.0mm x 4m, random width (120,150, 180, 210mm)	35,000	37,000	37,500	p.c.m
Southsea	(Yen; wholesale prices, on truck)			
Logs for plywood				
** Meranti (Hill SRWK) ordinary lot	12,550	12,500	13,250	per koku
** Meranti (Hill SRWK) small lot	9,850	10,500	-	"
Plywood	(Yen; wholesale prices, on truck)			
Type II 2.3mm x 910 x 1820, F4-star	550	650	650	per sheet
Type II 4.0mm x 910 x 1820, F4-star	700	780	780	"
Type II 5.5mm x 910 x 1820, F4-star	840	910	910	"
Concrete form (CF) Type I 12.0mm x 900 x 1800	1,330	1,420	1,460	"
Imported CF JAS 12.0mm x 900 x 1800	1,250	1,350	1,380	"
Imported structural PW JAS 12.0mm x 910 x 1820, F4-star	1,290	1,430	1,460	"
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	780	880	920	per sheet
JAS 12.0mm x 910 x 1820	770	860	880	"

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

** To convert koku to cubic meter, multiply by 3.6.

(e.g. Whitewood mid-dia., short-length in Toyama market: 6500yen/1 koku=23400yen/1 cubic meter) and Papua New Guinea were 3,724 cubic meters and 9,377 cubic meters respectively. There was no arrival from Sabah. The breakdown of the shipment was 9,550 cubic meters for logs for plywood and 2,039 cubic meters for logs for lumber.

The actual imports of Southsea lumber products in June were 6,131 cubic meters for lumber (down by 12.3% from the previous year), 9,142 cubic meters for processed lumber (down by 7.0% from the previous year) and 19,565 cubic meters for free boards (down by 7.3% from the previous year). The total was 34,838 cubic meters (down by 8.1% from the previous year). As for free boards, the arrival from China during the period from January to June made a significant decline to 74,925 cubic meters (down by 13.9% from the previous year), almost the same level as the arrival of 74,515 cubic meters from Indonesia.

Statistics

Plywood supply in June

Compiled by the Japan Plywood Manufacturers' Association from the Ministry of Finance's Trade Statistics, the amount of imported plywood in June was 233,224 m³ (6.7% increase compared to the same month last year) exceeding the results of last year for the 3rd consecutive month but decreasing 15.8% compared to the previous month. In a term when domestic inventories are low, the arrival of contracts is continuing, but with a shortage of logs in the producing regions and a rise in pries, conditions are somewhat calm compared to the previous month.

Looking at the amount of plywood received based on the country of import, the amounts were 79,739 m³ (3.7% increase) from Malaysia, 85,633 m³ (15.9% increase) from Indonesia, and 46,686 m³ (11.5% decrease) from China. From Malaysia, confusion arose due to the prohibition of log exports in the Sabah State of Malaysia and a change in government administration, and because some factories had problems in production due to a lack of logs, the amount from Malaysia fell below 100,000 m³ for the 5th consecutive month. In Indonesia, the rainy season ended, and log cutting and production are becoming active.

The value of plywood imports in June (CIF price) was 14.92398 billion yen (28.9% increase) exceeding the results of the same month in the previous year for the 3rd consecutive month.

According to *Plywood Statistics* compiled by the Ministry of Agriculture, Forestry and Fisheries, the amount of production of regular plywood in June

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Amount of Imported Plywood by Countries

m^3; %

	Overall Amount of Imported Plywood	y/y	Malaysia	y/y	Indonesia	y/y	China	y/y	New Zealand	y/y	Taiwan	y/y
2018												
APR	266,680	13.9	93,917	-1.8	91,768	39.2	62,002	6.3	1,221	-27.1	97	870.0
MAY	275,771	7.0	96,862	-5.0	90,928	11.0	66,145	14.2	997	-35.9	15	-51.6
JUN	232,224	6.7	79,739	3.7	85,633	15.9	46,686	-11.5	956	-51.4	10	233.3
YTD	1,487,331	0.1	541,967	-10.6	508,327	10.5	327,284	-1.1	6,259	-32.1	152	114.1

Supply and Demand of Softwood Plywood

m^3; %

	Domestic Production	y/y	6mm & below	y/y	6-12mm	y/y	12-24mm	y/y	24mm & over	y/y	Shipment	y/y	Inventory	y/y
2018														
APR	260,227	3.2	2,354	39.7	39,548	20.2	118,652	3.0	99,673	-2.7	250,716	-0.5	127,761	34.8
MAY	251,743	3.6	2,328	39.6	38,098	16.6	113,802	2.8	97,515	-0.3	240,609	0.1	141,122	43.0
JUN	271,943	2.4	2,795	73.9	38,775	8.2	125,249	0.7	105,124	1.2	249,728	-5.1	163,489	58.4
YTD	1,539,014	3.5	16,200	55.8	207,560	6.8	715,890	4.6	599,364	0.2	1,483,166	0.4	-	-

Supply and Demand of Regular Plywood

m^3; %

	Domestic Production	y/y	6mm & below	y/y	6-12mm	y/y	12-24mm	y/y	24mm & over	y/y	Shipment	y/y	Inventory	y/y	Imports	y/y	Total Supply in Japan	y/y
2018																		
APR	270,037	2.4	4,313	-33.2	41,389	18.2	124,071	3.7	100,264	-2.3	261,940	-0.5	136,438	20.2	266,680	13.9	536,717	7.8
MAY	262,770	3.2	4,542	-29.5	40,425	16.7	119,605	4.1	98,198	-0.4	252,660	0.6	148,008	26.4	275,771	7.0	538,541	5.1
JUN	281,876	1.4	4,988	-26.3	40,549	6.0	130,649	1.7	105,690	1.2	262,346	-5.3	169,369	42.6	232,224	6.7	514,100	3.7
YTD	1,600,566	2.6	29,598	-24.7	220,373	6.3	747,547	4.9	603,048	0.3	1,554,574	0.1	-	-	1,487,331	0.1	3,087,897	1.4

was 281,876 m³ (1.4% increase compared to the same month last year) exceeding the results of the same in the previous year for the 3rd consecutive month. The amount of shipments was 262,346 m³ (5.3% decrease), and the amount of stocks at the end of the month increased 14.4% compared to the previous month to 169,369 m³ (42.6% increase).

Because manufacturers were in full production, the amount of production in a single month recorded the largest amount this year.

Within the production of regular plywood, the amount of softwood plywood production in June was 271,943 m³ (2.4% increase) increasing for the 16th consecutive month. The amount of shipments decreased for the first time in 2 months to 249,728 m³ (5.1% decrease). At the end of the month, stocks amounted to 163,489 m³ (58.4% increase), increasing 15.8% from the previous month.

The amount of plywood exports in June was 10,043 m³ (4.9% decrease) falling below the results of the previous year for the first time in 2 months. 94.2% of this amount was exported to the Philippines.

Plywood Market 2nd Week July

Sale of the domestic softwood plywood for the structural use at low prices was heard of frequently throughout July but became less talked about noticeably in August. The market situation has become stable again.

Maybe because of summer holidays, the number of trucks that forward products from manufacturers seems to be declining, leading to a need to be careful about finalizing the deadlines for deliveries. Deliveries from some of manufacturers are postponed to the period after the end of the Bon holidays. In the current situation, it is desirable for companies to secure the minimum amount of inventory necessary at least.

The shipment to major precut factories remains active, and the processing volume by precut factories has been exceeding the previous year's level.

As for the imported plywood, port inventory is large as a whole, but the gap by location and by item is spreading. It seems that it is taking time for products that newly arrive in ports to be shipped to the market, and a delay in deliveries is becoming noticeable. Especially, many are pointing out the shortage of plywood for concrete forming, and the purchase is getting difficult.

It is difficult to forecast the situation in local areas in future. However, as product prices are not likely to decline in local areas in future, it is quite unclear how the imported plywood, for which the transfer of the cost increase to domestic prices is not proceeding, will be positioned in the domestic market in future.

:Wholesalers' view:

Tokyo wholesale market in August

"4m cypress used for ground sill might be in short supply if demand increase in the future." At the Lumber Price Market Investigation Committee of Tokyo Lumber Wholesalers' Association which was held on August 2nd at Mokuzai Kaikan in Shinkiba, chairman Iijima told the effects of the July torrential rain disaster. There are concerns that a major cypress sawmill and others in Shikoku would be damaged by the impact of a heavy rain which hit western Japan, and supply of products would be affected."Now, there are indications that work on precut is increasing. I expect an increase in demand after summer holidays." (An attendee) As the atmosphere in the market is improving, shortage of products must be avoided at all costs.

As for indicative price, only plywood changed: 4 imported plywood which was in short supply increased.

<Japanese timber>
The price of Akita timber is on upward trend as log output decreased in producing area. Major sawmills were busy but small ones were not. The movement of wood batten products used for events or stages was active in the metropolitan area. As for Tokai timber, the movement of wood batten products and panels used for renovation of shop was active. For Yoshino timber, the volume of both cedar and cypress logging are decreasing. Although the price of logs was strong, that of products was weak across the board, and uncertainty over the outlook is high.

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As for domestic structural lumber of any origin, which circulated in the metropolitan area, the movement of products has not been in full swing. Output of cedar logs and the arrivals of products were smooth, so the price remained unchanged. The trend for cypress logging and production in western Japan is uncertain, and the price of 4m (105mm square) lumber is on the upward trend.

<'hirakaku' and dimension lumber>

Among 'hirakaku', sales of European red wood laminated lumber were sluggish. However, there were inquiries for long lumber used for shops. The price of SPF dimension lumber in producing area turned downward, and the atmosphere changed. However, there are many concerns such as trend of exchange rate and frequent wildfires, so it became more difficult to foresee the future. SPF lumber products which were purchased at high price are going to be supplied in the domestic market, so the sales prices are getting attention.

<Hardwood>

Customers increasingly preferred to buy cheap lumber. It seems that demand side did not catch up with the increase in cost of products. There has been an increase in the number of cases where customers switched the material for interior from hardwood to softwood.

<Imported Timber>

Demand for Douglas fir logs was strong in producing area and the price

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Wholesalers' Market Prices in Kiba, Tokyo

(lumber & logs 1,000 yen / cbm; plywood 1,000 yen / sheet; Akita kowari, D,CF&Cleat 1,000 yen / piece)

item	grade	2018 Jul	August	
JRC-Akita, narrow width board for rail	special 1st	55	55	holding
JRC-Akita Taruki (rafter)	KD special 1st	62	62	"
JRC-Akita kowari (plank)	Air-Dried	0.24	0.24	"
JRC-Tokai, baby square (4m, 10.5cm x 10.5cm)	KD planed special 1st	68	68	"
JC-Tokai, baby square (4m, 10.5cm x 10.5cm)	KD planed special 1st	100	100	"
JRC-Tokai, batten products (4m, 10.5cm x 3.0cm)	KD planed special 1st	68	68	"
JRC-Tokai, batten products (4m, 10.5cm x 3.0cm)	KD planed special 1st	65	65	"
***JRC, baby square for post (3m, 10.5cm x 10.5cm)**	KD	65	65	"
***JC, baby square for post (3m, 10.5cm x 10.5cm)**	KD	85	85	"
***JC, baby square for sill (4m, 10.5cm x 10.5cm)**	KD	85	85	"
***JC, baby square for sill (4m, 12.0cm x 12.0cm)**	KD	82	82	"
Ash, plain board (thickness 3.4cm)	dried, special	360.0	360.0	"
Spruce, flitch (length 8-3/4cm)	Select Merch	98	98	"
DF, beam, KD (home sawn)		73	73	"
DF, laminated beam (imported)		125	125	"
Redwood, laminated beam (imported)		82	82	"
JRC&DF, hybrid laminated beam		79	79	"
SPF, D (2x4)	J-Grade, No.2	1.00	1.00	"
SPF, D (2x10)	J-Grade, No.2	2.88	2.88	"
DF, D (2x10)	J-Grade, No.2	3.35	3.35	"
Hem, baby square (imported, 4m, 10.5cm x 10.5cm)	KD (S4S)	62	62	"
Hem, batten products (imported, 4m, 4.5cm x 6.0cm)	KD (S4S)	61	61	"
DF, baby square (imported, 4m, 10.5cm x 10.5cm)	KD (S4S)	67	67	"
DF, batten products (imported, 4m, 4.5cm x 6.0cm)	KD (S4S)	67	67	"
Hem, treated sill	special 1st	67	67	"
DF, treated sill KD	special 1st	85	85	"
Red Pine plank (imported, 4m, 3.0cm x 4.0cm) KD		76	76	"
Red Pine plank (imported, 4m, 4.5cm x 4.5cm)	1st	64	64	"
Red Pine cleat (imported, 4m, 2.4cm x 4.8cm)	1st&2nd	0.26	0.26	"
Red Pine laminated stud (mabashira, 3m, 2.7cm x 10.5cm)		72	72	"
Whitewood, stud (mabashira, imported)	KD, pithless	64	64	"
Whitewood, kudabashira (CP)	5-ply	2.25	2.25	"
WS (imported, 3.7m, 2.4cm x 15.0cm)	1st, treated	230	230	"
Serangan Batu (imported, 4m, 3.0cm x 10.5cm)		310	310	"
Mercusi Pine, laminated board	A-grade	145	145	"
Red Pine, laminated board	A-grade	135	135	"
Lauan plywood, F☆☆☆☆ (thickness 2.3mm, imported)	1st	0.73	0.73	"
CF plywood, F☆ (imported)	JAS (A)	1.44	1.46	stronger
Coated CF plywood (imported)	JAS (A)	1.63	1.63	holding
Lauan structural plywood, F☆☆☆☆ (imported)	JAS	1.53	1.55	stronger
Softwood structural plywood, F☆☆☆☆ (12mm)	JAS	1.23	1.23	holding
Softwood structural plywood, F☆☆☆☆ (24mm)	JAS	2.59	2.59	"

JRC=Japanese Red Cedar, JC=Japanese Cypress, DF=Douglas Fir, Hem=Hemlock, YC=Yellow Cedar, WS=White Seraya, CP=connective post, D=dimension lumber, CF=concrete form

* Structural lumber made from domestic wood (producing areas are not specified) mainly sold in metropolitan areas.

was stable at high level. It seems that the purchase price of logs by a Japanese major sawmill is increased by 5%. In Canada, there were not so many Douglas fir logs, and suppliers are shifting the material to hemlock. Arrivals of hemlock products to Japan are expected to increase. Douglas fir products were used smoothly in precut factories in Japan. Arrivals of hemlock 105mm square increased but those of 90mm square were low. The number of orders for spruce (frame material) used for Olympic facilities has increased.

As for Russian lumber products, the price of 4m lumber used for ceiling joist was bullishly holding in Japan because arrivals decreased. The movement of low-grade lumber was active but there was a sense of oversupply for middle-grade lumber. Arrivals of 3m lumber have decreased.

For European lumber products, arrivals of whitewood products increased and the supply of 27mm stud has increased in the market. These are the products whose purchasing costs increased, and the price remained bullish. The price of whitewood connective post has not been able to be increased sufficiently as there is competitive Japanese cedar laminated post. Wildfires also occurred in northern Europe this year, and arrivals of 3m products are likely to decrease.

For Southsea lumber products, B-grade white seraya was in short supply in the market. The movement of deck material including selangan batu was active. There were many quotations, too. The movement of mercusi pine laminated lumber has been slow. The movement of red pine laminated lumber was also slow, and the movement of laminated lumber used for fixtures has sluggish. The price remained bearish.

<Plywood>

The movement of plywood has been sluggish, and the tough situation for distributors continued.

As for domestic softwood plywood, the companies which want to gain sales at distribution level were selling at a discount, making the market price low. It seems that trading companies increasingly cut commission fees. The production of softwood plywood in June was 272,000 cubic meters, marking an all-time high. Inventory exceeded 160,000 cubic meters, but price quotation by manufacturers remained unchanged as they manufacture a variety of products.

For imported plywood, about 240,000 to 250,000 cubic meters of products had arrived per month for past few months, and apparently the warehouse is full. However, shortage of 12mm structural plywood, 12mm, 3mm, and 5.5mm plywood for concrete form remained. Although the movement of products has been slow, the price is not likely to decrease given the current situation in producing area.

<Precut>

Precut factories had a number of orders in July. However, work has come to pause as the work on site has delayed due to hot weather, bon holidays. Demand is expected to increase after September, and precut factories are seeking how and when they pass on the increased cost in material, which has yet to be done.

Statistics

American timber market in August

At the meeting of the Keihin chapter of the Japan North American Lumber Conference for August that was held right after the end of summer holiday, a local supplier reported, “In local areas, the price of dimension lumber is showing a bearish tendency. That is because of a disruption in the supply-demand balance.” The housing

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Supply/Demand of American Timber

(1,000 cubic meters)

	Import			Consumption			Stocks		
	Log	Lumber	Total	Log	Lumber	Total	Log	Lumber	Total
2014	**3,093**	**2,362**	**5,455**	**3,073**	**2,430**	**5,503**	**288**	**155**	**443**
2015	**2,565**	**2,340**	**4,905**	**2,622**	**2,350**	**4,972**	**231**	**170**	**401**
2016	**2,791**	**2,236**	**5,026**	**2,780**	**2,271**	**5,052**	**241**	**135**	**376**
2017	**2,605**	**2,199**	**4,804**	**2,663**	**2,208**	**4,871**	**198**	**126**	**324**
2018									
YTD	**1,358**	**1,071**	**2,429**	**1,330**	**1,058**	**2,388**			
Jan.	241	163	404	234	167	401	206	122	327
Feb.	189	149	338	178	148	326	217	123	340
Mar.	271	180	451	252	180	432	236	123	359
Apr.	202	166	368	196	172	368	242	117	359
May	235	221	456	255	207	462	222	131	352
June	220	192	413	215	184	399	227	139	366
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									

market in the U.S. remains strong. However, as there are many workers who are taking a summer vacation, the manpower shortage is causing a slowdown at site work. The decline in lumber price is considered to be caused by a temporary decline in the demand in response to the increase in the supply triggered by higher product prices.

In the U.S., the price of dimension lumber is showing a bearish tendency. That is because the smooth logging operation is leading to the increase in the production volume at factories. At present, there is no impact of forest fire that is a source of concern. On the other hand, the timber demand in the U.S. is still strong and continues to exceed the previous year level. All of new housing market, secondhand housing market and renovation market are strong, and the demand for timber products is expected to remain firm in autumn and after.

As for the supply of North American lumber products for Japan, a major supplier has started considering the export of products by utilizing containers. It is considering the use of containers to make up for the shortage of the supply by bulk carrier. "Details need to be worked out in future. However, some of shippers say that using containers will be cheaper than the supply by bulk carriers. There is a possibility that this will be realized in future," said Chairman Sato.

In the domestic market, there was a sense of lull in the movement of products in August. The operation rate at factories was not bad, but it seems that there is a delay in work at sites. The movement of products was sluggish in May and June and was not that active in July and August, either. There has been no change in prices. As the products that were purchased at high prices will appear in the market in future, distributors are struggling to figure out how they can increase selling prices.

As for local log prices, there are no factors for either increase or decline of prices, and prices remain high. The logging operation for the second growth is performed smoothly, but the operation at high levels seems to have stopped. There is no change in the situation of the domestic log market, and prices have not changed, either.

As for prices in August, prices of hemlock, Douglas fir, red cedar, yellow cedar and spruce were all un-

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Movement of American Lumber in Keihin Ports

(Unit: cubic meter)

	Arrival	Shipment	Ending Inventory	Inventory Rate
Monthly Results in June				
Small Square Lumber				
Hem 4-1/8"	3,165	3,326	7,072	1.83
Hem 3-9/16"	5,189	3,684	7,694	1.89
sub total	8,354	7,010	14,766	1.86
Other Lumber Products				
Hemlock	2,818	2,222	5,522	2.16
Douglas Fir, SS	9,753	9,977	7,485	0.81
Douglas Fir	5,537	6,178	5,929	0.96
Yellow Cedar	568	1,740	4,507	3.46
Spruce	890	558	1,683	3.88
SPF	48,530	47,240	15,618	0.33
Overall Softwood Lumber	77,775	76,444	59,066	0.75

Inventory rate: Ending Inventory / Average shipments for the last 3 months

Wholesale Price of American Lumber in Keihin Ports

(1,000 yen / cubic meter)

	2018				
	Apr	May	Jun	Jul	Aug
Hem 105mm sq., roof beam, std	55	55	55	55	**55**
Hem 105mm sq., roof beam, KD	60	60	60	60	**60**
Hem 90mm sq., purlin, std.	55	55	55	55	**55**
Hem 90mm sq., purlin, KD.	60	60	60	60	**60**
Hem 45 x 90mm, batten products, KD	63	63	63	63	**63**
DF 105mm sq., roof beam, Green	55	55	55	55	**55**
DF 105mm sq., roof beam, KD	67	67	69	69	**69**
DF 90mm sq., purlin, Green	55	55	55	55	**55**
DF 90mm sq., purlin, KD	67	67	69	69	**69**
DF 45 x 90mm, batten products, KD	68	68	68	68	**68**
DF 45 x 60mm, batten products, KD	69	69	69	69	**69**
YC 4-5/16" rough, HC	64	64	64	64	**64**
YC 5" rough, HC	64	64	64	64	**64**
YC 5"x 6", random length, BC Clear	160	160	160	160	**160**
Spruce 8-3/4" Clear	240	240	240	240	**240**
Hem 6-1/2" Clear	130	130	130	130	**130**
Nordic 3m x 27 x 105, stud, KD	61	61	61	61	**61**

changed. As for the indication, the indication of spruce held bullish while the indications of all other products held from the previous month.

In June, the arrival and shipment at the Kashima Port that supplies logs for the Kashima Factory of Chugoku Mokuzai were at the normal level, standing at 57,096 cubic meters.

Movement of American Logs in Keihin Ports

(Unit: cubic meter)

	Arrival	Shipment	Ending Inventory	Inventory Rate
Monthly Results in June				
Softwood Logs				
Hemlock	0	89	3,504	20.02
Douglas Fir	0	59	2,142	18.31
Spruce	0	4	147	18.38
Overall Softwood Logs	0	152	5,793	19.31

Inventory rate: Ending Inventory / Average shipments for the last 3 months

Wholesale Price of American Logs in Keihin Ports

(1,000 yen / cubic meter)

	2018				
	Apr	May	Jun	Jul	Aug
Logs					
RC No.3, 12"up (Alaska)	50.40	50.40	50.40	50.40	**50.40**
YC pole, 6"up (Alaska)	43.20	43.20	43.20	43.20	**43.20**
Sp No.2, 24"up (Alaska)	104.40	104.40	104.40	104.40	**104.40**
Hem No.3, 12"up, Cascade	24.48	24.48	24.48	24.48	**24.48**
Hem No.3, 12"up, Coast	24.12	24.12	24.12	24.12	**24.12**
Hem, medium dia. 8/11 (J-sort)	23.04	23.04	23.04	23.04	**23.04**
DF No.3, 12"up, Cascade	37.44	37.44	37.44	37.44	**37.44**
DF No.3, 12"up, SS	29.88	29.88	29.88	29.88	**29.88**
DF No.3, 12"up, Coast	28.08	28.08	28.08	28.08	**28.08**
DF, medium dia. 8/11 (J-sort)	25.92	25.92	25.92	25.92	**25.92**

Canadian SPF Dimension Lumber

The import prices of Canadian SPF dimension lumber in early August were $700/mfbm for 2x4, 2x6 and 2x8 items and $800/mfbm for 2x10 item. Both prices were up by $28 from the previous month. In producing areas, prices of dimension lumber declined after peaking in early June, and the information of the decline of prices in producing areas spread quickly among those involved in the business. However, “It is questionable whether this trend will continue toward autumn. We cannot deny the possibility that prices may increase again if there are many forest fires,” said a person involved in North American lumber business, and this prospect seems to have already turned out to be true. The import price of #2 & Btr (random length) for the U.S. as of July 25 remained high.

A domestic wholesaler who notified its customers of the increase in selling prices that started in July is at a loss, saying “Finally, lumber that was purchased at high prices will start arriving on the market. However, the information that prices in producing areas declined in latter half of June spread, and we honestly cannot tell how much volume customers will purchase.” The housing start figure for 2x4 housing in June that was announced recently was 10,089 units, down by 7.0% from the same month in the previous year. The breakdown of the housing start figure, 10,089 units, was 2,922 units for owned houses, 6,096 units for rental houses, 1,053 units for houses built for sale and 18 units for others. Compared to the previous year, the figures declined all for owned houses (down by 2.3%), rental houses (down by 8.6%) and houses built for sale (down by 9.7%). The switch from 2x4 construction method to conventional construction method in terms of apartment buildings is occurring more frequently.

Statistics

European Timber News

The arrival of European softwood lumber products in June was 242,097 cubic meters, up by 1.3% from the previous month and down by 0.3% from the same month in the previous year. The arrival was at the high level again as it was in May. As for the arrival by country, the arrival from Finland was 82,496 cubic meters (up by 22.6% from the same month in the previous year) while the arrival from Sweden and Austria were 63,506 cubic meters (down by 20.6% from the same month in the previous year) and 37,707 cubic meters (up by 43.3% from the same month in the previous year) respectively. In June, the arrival from Romania exceeded 20,000 cubic meters for the first time this year.

The arrival of laminated lumber in June was 76,992 cubic meters, up by 11.8% from the previous month and up by 18.0% from the same month in the previous year. It became the largest arrival of this year. The arrival by country was 32,729 cubic meters from Finland, 14,184 cubic meters from Romania, 13,248 cubic meters from Austria, 6,214 cubic meters from Estonia and 10,617 cubic meters from other. The arrival from all countries except Romania significantly exceeded the levels in the same month in the previous year.

The price of all European lumber products (CIF Port Japan) in June was 37,294 yen per cubic meter, up by 1.2% from 36,842 yen in the previous month. It increased from the same month in the previous year, up by 7.0%, remaining at high level. As for the price by major country, compared to the same month in the previous year, prices of products from Sweden and Finland increased by around 10%.

The price of laminated lumber for the structural use was 53,656 yen per cubic meter, down by 1.2% from the previous month and up by 4.6% from the same month in the previous year. As for the price by major country, the prices of products from Finland and Estonia were 56,124 yen and 52,928 yen respectively while the prices of products from Romania and Austria were 50,971 yen and 49,601 yen respectively. The prices seem to have started declining gradually.

Imports of European Laminated Lumber by Countries

unit : cubic meter; %

	Total	FINLAND	AUSTRIA	ROMANIA	ESTONIA	others
2018 **YTD**	397,132	177,987	63,851	77,039	30,272	47,983
APR	65,517	32,722	10,323	9,976	5,034	7,462
MAY	68,883	29,322	12,258	13,265	5,321	8,717
JUN	76,992	32,729	13,248	14,184	6,214	10,617
Y/Y	18.0	29.2	16.4	-20.0	14.1	98.6

Imports of European Lumber by Countries

unit : cubic meter; %

	Softwood Lumber							
	Total	SWEDEN	FINLAND	AUSTRIA	ROMANIA	LATVIA	CZECH	others
2018 **YTD**	1,342,031	408,151	500,848	155,923	90,564	54,595	52,202	79,748
APR	205,273	59,940	75,390	26,386	13,514	6,983	10,659	12,401
MAY	239,014	67,450	93,771	26,551	14,015	10,104	11,235	15,888
JUN	242,097	63,506	82,496	37,707	21,145	8,632	11,254	17,357
Y/Y	-0.3	-20.6	22.6	43.3	-2.6	-12.9	17.7	-37.9

Average Import Value for Major European Commodities

unit : Yen per cubic meter (CIF Japan ports); %

	Softwood Lumber					Structural Laminated Lumber				
	All Europe	SWEDEN	FINLAND	AUSTRIA	ROMANIA	All Europe	FINLAND	AUSTRIA	ROMANIA	ESTONIA
2018 APR	36,671	35,816	34,318	39,488	38,896	54,343	56,415	51,424	50,481	54,006
MAY	36,842	35,186	34,288	40,357	41,057	54,283	56,661	51,339	51,108	54,088
JUN	37,294	35,187	34,593	40,751	40,048	53,656	56,124	49,601	50,971	52,928
Y/Y	7.0	10.7	9.3	0.7	-2.0	4.6	5.8	-2.2	4.6	1.8

Statistics

Russian Timber News

The arrivals of Russian logs in June 2018 were 20,267 cubic meters of larch, 3,707 cubic meters of pine, and 598 cubic meters of hardwood. There were no arrivals of spruce/fir. Larch logs arrived in large amount of over 20,000 cubic meters and demand for them is expected in plywood factory and LVL factory in Japan.

As for lumber products, the amount of arrivals of pine and fir as the main products was 65,574 cubic meters decreasing 22.0% from the previous month and 13.8% from the previous year. The decrease might be a reaction to the previous month in which arrivals were large with 84,000 cubic meters. The amount of arrivals of larch was 1,634 cubic meters.

The amount of arrivals of laminated lumber for the structural use in June was 3,926 cubic meters decreasing greatly by 36.7% from the previous month and 13.7% from the previous year. The arrival amount in each month has become very different in this year.

As for log prices (CIF Japan Port) in June, larch was 19,291 yen per cubic meter decreasing 1.1% from the previous month and increasing by more than 3,100 yen per cubic meter (19.2% increase) from the previous year. Pine was 20,401 yen per cubic meter decreasing 12.8% from the previous month and 12.8% from the previous year, and hardwood oak was 80,936 yen per cubic meter.

As for lumber products, the price of larch was 27,129 yen per cubic meter, and pine and fir was 39,674 yen per cubic meter (1.9% increase from the previous month and 0.4% decrease from the previous year) with pine and fir finally recovering to the previous year's level.

The price of laminated lumber for the structural use was on downward trend with 46,261 yen per cubic meter decreasing by 2.5% from the previous month and 2.6% from the previous year.

Imports of Russian Wooden Products

unit : cubic meter; %

	Logs					Lumber			Laminated Lumber
	Total	Softwood			Hardwood	Total	Softwood		Structural
		Larch	Pine	Spruce/Fir			Larch	Pine/Fir	
2018 **YTD**	85,290	61,664	17,072	2,503	4,051	447,637	11,708	432,244	25,062
APR	15,323	9,627	5,330	0	366	67,421	1,386	65,076	5,032
MAY	13,080	6,660	4,390	1,241	789	86,605	2,183	84,020	6,201
JUN	24,572	20,267	3,707	0	598	67,862	1,634	65,574	3,926
Y/Y	88.3	106.1	24.1	-	158.9	-12.8	37.3	-13.8	-13.7

Average Import Value for Major Russian Wooden Products

unit : Yen per cubic meter (CIF Japan Ports); %

	Logs				Lumber		Laminated Lumber
	Softwood			Hardwood	Softwood		Structural
	Larch	Pine	Spruce/Fir		Larch	Pine/Fir	
2018 APR	18,826	19,488	-	135,256	27,944	38,186	47,084
MAY	19,500	23,393	16,420	104,276	27,640	38,933	47,449
JUN	19,291	20,401	-	80,936	27,129	39,674	46,261
Y/Y	19.2	-12.8	-	108.7	2.7	-0.4	-2.6

News in Brief

The Japan Wood Pellet Association held its general meeting for fiscal 2018 on June 22 in Tokyo. Looking to construct a "wood pellet society" for the future, the following activities were planned for fiscal 2018 in order to aim for an expansion in supply and demand for high quality pellets: 1) revitalize activities in the industry by cosponsoring a biomass summit meeting, 2) penetrate quality standards and increase companies that have acquired certifications, 3) implement JAS standards, and 4) conduct survey projects and give support related to excellent wood pellets. In 2016, the number of domestic factories that manufacture wood pellets was 148 factories, and the amount of production was 120,162 tons. In recent years, the number of factories has been increasing, and the amount of production has remained unchanged. The sources of the raw material include lumber off-cuts from lumber product factories accounting for 44% and remainder wood such as logs from forests for 36%. The amount of production based on prefectures showed large amounts from Okayama, Okinawa, and Miyazaki, specifically Okayama with 23,870 tons and Okinawa with 20,673 tons, The raw material for Okayama was largely made up of lumber product off-cuts, and wood material coming from construction accounted mostly for the raw material in Okinawa. The amount of imported wood pellets rose 49% compared to the previous year to 347,000 tons, and the self-sufficiency ratio was 26%.

Hosted by the Sustainable Green Ecosystem Council (SGEC)/ Programme for the Endorsement of Forest Certification National Governing Body in Japan (PEFC Japan), the 2018 SGEC/PEFC Forest Certification Forum titled "International Forest Certification System That Gather Expectations in the SDGs (Sustainable Development Goals) Era: Heading Towards Building an International Certified Material Supply Chain in the Far East, Asia, and Oceania Regions" was held on June 28 in Tokyo. Shuji Oki, the director general of the Forestry Agency, attended the forum and said, "The procurement of certified material was in place in all the prefectures nationwide. Even in lumber exports, which is on the increase, the construction of a certified material supply system is essential," commending the significance of holding the forum. Inviting guests from Indonesia, Malaysia, Thailand, Russia, South Korea, and other countries to the forum, the keynote lecture titled "PEFC SDGs and You" was given by Peter Latham, the chairman of PEFC. He pointed out that Japan and his country of England have large markets for forest products, and he explained that holding this conference prior to the Olympics has a large meaning and that we should learn how products that have been certified are being utilized. By showing cases of construction projects, he also explained how PEFC is being committed to among SDGs.

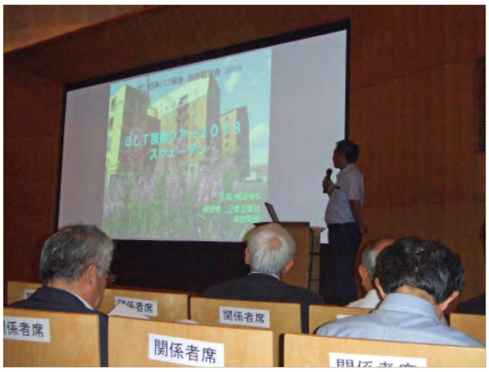
Forest Stewardship Council Japan (FSC Japan), a non-profit organization that works to spread the international forest certification system of the FSC, held a press conference titled "Post 2020 Procurement of Sustainable Forest Resources" on July 2, and together with 7 companies, the council announced "2020 FSC Certified Material Procurement Declaration". The Tokyo Organizing Committee of the Olympic and Paralympic Games recently announced "Sustainable Sourcing Code for Paper". Concerning paper that is used in products and services that are procured by the organizing committee, it is required to take sustainability into account, and "FSC certified paper" was designated as one of the resources of FSC certified material. In response at the press conference, the council gave reports concerning items such as introducing cases showing the significance of the FSC certification and past international tournaments and games and procurement policies of the Tokyo Olympics. Also heading towards the 2020 Tokyo Olympic Games, the procurement targets for FSC certified material by 7 leading companies in the retail and food/beverage industries were announced. The 7 participating companies are: AEON Co., Ltd., IKEA, Kao Corporation, Kirin Co., Ltd., Starbucks Coffee Japan, Ltd., Japanese Consumers' Co-operative Union, and McDonald's Holdings Japan Co., Ltd.

The Japan Wood-Products Export Association announced its selection of companies and organizations that will participate and set up exhibits in the Japan Pavilion at the 13th China Guanzhou Design Week – The B2B Design & Brands Expo, which will be held this November in Guanzhou, China. As part of the subsidized projects titled "Projects for the Promotion and Measures to Export Specified Items for Fiscal 2018" of the Ministry of Agriculture,

(Continued on Page 17)

Forestry and Fisheries, the association and selected organizations will set up the Japan Pavilion and will exhibit and promote lumber products that make good use of the characteristics of regional lumber and processing and utilization technology. The participating companies and organizations are: Wood Lee Co., Ltd. (Uddo Ri in Japanese; Aichi Prefecture) displaying cypress wood bathtubs and table tops made of zelkova and horse chestnut wood, Okamei Co., Ltd (Osaka Prefecture) displaying tables with a hearth, cedar counter tops, and sculptured transoms, Okayama Prefecture Material Market Promotion Council (Okayama-Sanzai Hanro Suishin Kyogikai in Japanese) displaying cypress, zelkova, and other wood as material for structural use, interior use (wall panels, thick panels, beams flooring, studs, and boards), and furniture use, Kuwabara Lumber Co., Ltd. (Kuwabara Mokuzai in Japanese; Aichi Prefecture) displaying cedar and cypress laminated boards, flooring, siding panels, and small furniture, Koshii & Co., Ltd. (Osaka Prefecture) displaying cedar and cypress material for exterior walls, decks, fences, and wood constructed tea rooms, Nakamotozourin Co., Ltd. (Hiroshima Prefecture) displaying cedar and cypress flooring, siding panels, and tinged cedar paint, Prairie Homes Inc. (Aichi Prefecture) displaying cypress compression processing flooring, pine wood counter tops, and cypress structural frames, and Hoxan Corporation (Tokyo) displaying cedar, cypress, and ash wood veneer and wallpaper sheets.

The American Hardwood Export Council held the American Hardwood Architect Seminar in Nagoya on June 27 in Nagoya City. About 90 people including specialists in American hardwood, Japanese architects, designers, and people involved in lumber and furniture attended the seminar. With plans to increase the possibilities of lumber, which is a renewable resource and the most effective resource for measures against global warming, lectures were given by 4 people, an American hardwood inspector, a specialist of wood construction, an American designer, and a specialist of paint and coating, and after the lectures, a lively question and answer session took place. Among the lectures, Dana Spessert of the National Hardwood Lumber Association (NHLA) explained the rules for the rating system that are used in the markets all over the world and established by the NHLA. In the next lecture, Nathie Katzoff, who lives in Seattle and has received high ratings for his work on his splendid staircases, furniture, and architectural artwork that use hardwood in the high-class interior market, introduced his works with the use of slides. With a dream of building the Eiffel Tower with wood, he received praise and interest for his original designs of gorgeous staircases and beautifully coated bathtubs.



The Japan Cross Laminated Timber Association held the "Technological Report Meeting 2018" on July 10 at the University of Tokyo. At the meeting, representatives of 6 working groups that carry out technological development concerning CLT gave reports concerning their activities and achievements up to now and their scheduled activities in the near future. A report concerning an overseas observation tour that took place in June was also given as well as an explanation of case studies from "Framework + CLT" that was written by the members of the working group called "Gray Book", a book about calculations for wood construction. About 200 people filled the site to capacity overflowing with high expectations. The design working group worked on writing the following: "CLT Building Design Guide for Practioners (Chapter 1)", "CLT Design Notes", and "Development of Structural Calculation Modeling Support Tools, and concerning the improvement of joint specifications, the group also worked on the development of "hiding metal fittings" when CLT is used for display. Concerning specifications of wood construction for the exterior and specifications for ceramic siding that has acquired the 2 hour fire resistant structure exterior wall certification, the fire proof structure working group held a workshop titled "CLT Ministry Certified Management Engineer Workshop" and worked on its spread and promotion. Concerning experiments and testing for fire resistant performance, The 2 hour fire resistance evaluation test for wall partitions and the outer side of exterior walls was passed.

Compiled by the Aichi Wooden Housing Precut Council, the amount of precut lumber processing for traditional wooden homes (15 factories) in June was 68,317 tsubo (1 tsubo = about 3.3 m²; 1,811 homes) increasing 6.9% compared to the previous month. Compared to early spring, all the member companies are continuing to receive orders smoothly and are in a full operating condition. However, the ordered properties are mainly standard housing of regional builders, and the high purchase price of various materials cannot be fully transferred, so securing profits has become one step more severe. The scheduled processing for July is expected to be 71,319 tsubo (1,924 homes). The forecast for August is "increase" and "slight increase" for 1 factory each and "unchanged" for the remaining 13 factories.

Asia Air Survey Co., Ltd. (Tokyo) will start providing a Japanese version of the ICT forestry application developed in Germany for smart phones and tablets. The application is a tool that manages large stacks of logs and can measure the number of logs, log diameters, and log volume from pictures of stacked logs. It can also measure the location of large stacks of logs by GPS making it possible to manage the stacks with the location information. The data that is measured at the site can be managed on a computer using a website with managing capabilities. After a 30 day trial period, the application license can be purchased. The company possesses forest analysis technology using aerial lasers and laser forest phase diagrams, and acquiring information that is indispensable for managing forest resources such as tree species, tree height, and diameter at chest height is possible. In addition, the company is developing a system that can analyze and plan efficient forestry and that can carry out unified management of various types of forest information. In the future, the company will flexibly link these systems, contribute to the construction of a supply chain from the "upstream" to the "downstream", and is looking to promote the revitalization of the forest industry.

The consolidated financial results of Polus Co., Ltd. (Koshigaya City, Saitama Prefecture) showed net sales of 199.5 billion yen (3.2% increase compared to the previous term), operating income of 14.838 billion yen (7.3% increase), and net income of 4.293 billion yen (16.8% increase), the largest ever for all 3 items. In the precut lumber business, the Saga Factory went into actual operations in July of last year, and the production capacity rose, and by streamlining distribution, profits also largely increased. The processing results of external sales of Polus-Tec Co., Ltd., which carries out the precut lumber business, totaled about 38,000 homes (about 1.23 million tsubo; 1 tsubo = about 3.3 m²) increasing 1% compared to the previous term, and combining external sales and group companies, net sales totaled 76.051 billion yen (5.2% increase). Moving ahead with the group's largest project, the single-family homes built-for-sale business moved in a good condition such as completely selling out the amount for 1 term in a single day. High evaluations were received for original local area development among other plans, and the number of contracted buildings increased 3.7% compared to the previous term. The custom-made single-family home business struggled with gathering customers at the main area of their model homes exhibition sites, so the number of orders received did not expand. On the other hand among wood constructed non-housing buildings, the trust of designers was gained by proposing earthquake resistant technology, which makes the best use of the group's overall strengths, and orders received for facilities for the elderly and kindergartens increased. The number of orders received by the business for the term was 683 buildings (15.4% decrease), and the number of buildings sold was 662 buildings (14.6% decrease).

According to the forecast of demand for major construction material for fiscal 2018 recently compiled by the Ministry of Land, Infrastructure, Transport and Tourism, the amount of demand for lumber products (including the amount of shipments of lumber products of domestic manufacturers and imported lumber as a raw material for lumber use) is expected to be 9.50 million m³ (2.3% increase compared to the results in the previous fiscal year). New housing construction starts are seen as decreasing in fiscal 2018, but because of the change to wood construction and wood use moving ahead in the non-housing field, the recovery in the renovation and remodeling market, and the increase in the amount of lumber exports, the amount of demand for lumber products is forecasted to increase compared to the previous fiscal year. A factor is the expectation arising from the construction of facilities related to the Tokyo Olympic Games going into actual operations. In addition, the amount of shipments of lumber products in fiscal 2017 was 9,288,000 m³ (0.7% increase) increasing, although slight, for the second consecutive year. However, in the long term view, the amount is in a decreasing trend falling to a level that is nearly 40% of the amount in fiscal 1996 (24,395,000 m³).

The Japan Housing and Wood Technology Center recently analyzed the cost of buildings constructed under the CLT panel construction method in 2016 to 2017 and announced the results. For the analysis, 5 buildings were targeted under the CLT panel construction method (floors and walls that used more than a designated amount of CLT) including a single-story, social welfare facility for the elderly with a total floor area of 2,000 m^2 and an amount of CLT usage of 500 m^3 and a two-story apartment building with a total floor area of 200 m^2 and an amount of CLT usage of 30 m^3. The average cost of the framework construction (CLT material cost, processing cost, transport cost, building cost, and cost of metal fittings) per 1 square meter for the 5 buildings was calculated to be 67,000 yen. In detail, the costs were 33,000 yen in material costs, 10,000 yen in processing costs, 3,000 yen in transport costs, and 11,000 yen each in building costs and costs of metal fittings, and a comparison of the costs of a building of the same scale constructed under the reinforced concrete construction method (RC) was made. Using 3 buildings as representatives of the 5 buildings constructed under the CLT panel construction method, the comparison showed that the average cost of construction (per 1 square meter) was 14,000 yen for the foundation (20,000 yen under RC), 68,000 yen for the upper framework (36,000 yen), and 28,000 yen for the roof and material for the exterior (30,000 yen) totaling 110,000 yen (86,000 yen) showing an increase of 24,000 yen compared to the RC construction method.

Sponsored by the Japan Institute of Architects and cosponsored by 6 companies of JK Group, the 7th Lumber Utilization Promotion Seminar: New Trends in Wood Construction was held in Tokyo on July 19. Masayoshi Yasuhara of the University of Tokyo and SALHAUS, an architectural company, introduced a wood constructed building for live music using LVL for the roof, a wood constructed Japanese-style inn that was reconstructed using laminated lumber, a bank branch office, and a branch office of JA Bank. He also introduced cases in which construction was under the condition of using regional lumber such as “an apartment building that used CLT for the floors and load-bearing walls”, “a junior high school in Rikuzentakata City, which became a symbol of the reconstruction effort”, and “a fire station in Sumita Town, Iwate Prefecture, the number one town for forests and forestry in Japan”, and he explained, “Wood constructed buildings easily adaptable with an opening feeling in which people that the clients are looking for can gather.” With a demand for environmentally conscious construction, Atsushi Takano of Kagoshima University and Architecture Studio Nolla explained, “Wood construction is undergoing a worldwide boom, and ‘wood being the concrete of the 21st century’ is already becoming commonly recognized.” From the energy consumption perspective, the utilization of lumber and wood construction are also expected to have an economic effect.

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