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Forestry Agency's budget request for Fiscal 2024

Forestry Agency has announced a budget request for fiscal 2024. Under the goal of 'Development of New Hay Fever Measures, and Green Growth by Forests and the Wood Industry', the agency requested budget for measures as follows: (1) 22.2 billion yen to reduce pollen, (2) 150 billion yen for forest maintenance projects, (3) 74.6 billion yen for forest conservation projects, and (4) 92.1 billion yen as subsidies for agricultural and fishing areas. The agency's total budget request for fiscal 2024 is 355.712 billion yen, which is larger than the previous fiscal year by 16.4%.

For the measure (1), the specific support measures are: (a) Development of new measures to counter pollen allergy, (b) Reinforcement of the production infrastructure of the forestry and lumber industry, (c) Promotion of digitalization and innovation of forestry, (d) Promotion of the supply and utilization of construction wood, (e) Creation of wood demand and improvement of export power of wood, (f) Fostering and securing forestry workers, (g) Buildup of a management model for 'New Forestry', (h) Facilitation of



A self-propelled machine that performs felling, pruning, and accumulation of timber : a photo from the website of the Forestry Agency

financing motivated and capable business persons, (i) Development of mountain village areas, and the other things.

Concerning (a), the agency is planning to take measures to accelerate cutting and replanting artificial cedar forests, expand the demand for cedar lumber, encourage the production of seedlings with low pollen, improve the productivity of forestry and secure labor forces, predict the amount of pollen dispersal, and assist an early practical use of pollen dispersion-preventing agents. Among the above, it aims to reduce cedar pollen dispersion 20% compared to fiscal 2020 by 2033. For other examples, (b) includes the maintenance of road networks and enhancement

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Hot Topic:

Japan's timber export value for January – June 2023 was 25.3 billion yen. Among them, logs was 11.16 billion yen, lumber was 3.11 billion yen, and plywood was 5.88 billion yen. >> Page 2

of their functionality, introduction of high-performance machinery, cost reduction of reforestation, and support for wood processing/distribution facilities. To the item (c), the agency aims to develop new wood-based materials etc. and digitalize forest resource information. As for (d), it will work on strengthening supply chains and promoting the use of wood in urban areas, and technology development for lumber with excel-

lent strength and earthquake resistance. Regarding the item (e), the agency will support the distribution of legally harvested wood and the facilitation of the use. For the item (g), it aims to improve the productivity by 50% by 2030, including the two-year-old project (to establish a management model that achieves a positive balance from harvesting to reforestation and nursery).

For the measure (2), the agency will push forward with the promotion of logging and replanting of cedar planted forests, afforestation, and opening/improving forest roads. In addition to the above, the agency will support preparing a communication environment to promote ICT (Information and Communication Technology) for the maintenance of forest roads.

Data:

Japan's wood export value for first half 2023

Japan's timber export value for January–June 2023 was 25.3 billion yen, down 3.0% year-on-year, according to the Trade Statistics of Japan compiled by the Ministry of Finance. The export destinations by country show that China had the largest share as 47% with 11.95 billion yen, up 13.8% from a year earlier. The exports to the Philippines, which ranked second, declined 15.3%.

When viewing the results by export item, the export of logs was 11.16 billion yen, up 9.7% year-on-year, that of lumber was 3.11 billion yen, down 43.6%, and that of plywood was 5.88 billion yen, up 13.3%. Although the log export for Korea dropped by 18.2%,

export for China, which occupies 80% of the log export, increased by 18.8% to affect the total to mark the growth of about 10%. The value of log export to China was 9.5 billion yen, accounting for around 38% of Japan's total wood export.

Meanwhile, the export volume of lumber totaled 65,000 cubic meters, a fall of 36.9% year-on-year. Among them, that for China, which held the largest share, decreased 8.2%, whereas that for the Philippines, the second biggest, plunged substantially by 80%. The main factor for the drop to the latter is considered that Japanese housing manufacturers shifted materials back to foreign

lumber from Japanese one for their productions in the Philippines. In terms of export value, the U.S. and China ranked first and second respectively, both of which declined from the previous year.

The export value of plywood for January–June 2023 was 5.88 billion yen, which was a rise of 13.5% year-on-year, whereas the export volume fell by 11.4%. Most of the export went to the Philippines, accounting for over 90%. While the export quantity decreased compared to the year earlier, the export value exceeded, which is believed due to the continual high prices of plywood.

Wholesalers View

American timber market in July

The meeting of the Keihin chapter of the Japan North American Lumber Conference was held on September 13. A committee member in charge reported on the situation in the local areas. The housing start figure in the U.S. has been at the 1.4-million-unit level, but not so much vibrancy is felt in terms of the timber as a whole in the DIY- or renovation-related markets. As for logs as well, while their prices have been stuck at high levels, it was explained that there was no particular change.

In addition, as for forest fires, before the summer, the eastern side such as the province of Quebec sustained serious damages, but after that, forest fires occurred on the western side as well. It was explained that as a result, the area equivalent to more than double of Hokkaido in Japan was destroyed by fire and that the damages caused by forest fires across Canada this year ended up being the largest historically.

The cause of these forest fires is "global boiling" which surpasses global warming. In the local areas, the temperature is high, and it tends to get dry. At the sites where forest fires occurred, lumber is left behind and scattered around the sites. As a result, flammable materials are left in the forests, and there is a concern that damages may become annual events in the future.

Under the circumstances, forest fires are having an impact on the

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Wholesale Price of American Logs in Keihin Ports

(1,000 yen / cubic meter)

Logs	2023				
	May	June	July	Aug	Sept
RC No.3, 12"up (Alaska)	65.50	65.50	65.50	65.50	65.50
YC pole, 6"up (Alaska)	41.50	41.50	41.50	41.50	41.50
Sp No.2, 24"up (Alaska)	118.50	118.50	118.50	118.50	118.50
Hem No.3, 12"up, Cascade	43.00	43.00	43.00	43.00	43.00
DF No.3, 12"up, Cascade	54.00	54.00	54.00	54.00	54.00
DF No.3, 12"up, SS	47.00	47.00	47.00	47.00	47.00
DF No.3, 12"up, Coast	46.00	46.00	46.00	46.00	46.00
DF, medium dia. 8/11 (J-sort)	44.00	44.00	44.00	44.00	44.00

Wholesale Price of American Lumber in Keihin Ports

(1,000 yen / cubic meter)

	2023				
	May	June	July	Aug	Sept
Hem 105mm sq., roof beam, KD	80	80	75	70	70
Hem 90mm sq., purlin, KD	80	80	75	70	70
Hem 45 x 90mm, rough-cut lumber, KD	90	90	90	90	90
Hem Preserved sill sq., Green	95	95	95	90	90
DF 105mm sq., roof beam, KD	85	85	85	85	85
DF 90mm sq., purlin, KD	85	85	85	85	85
DF 45 x 90mm, rough-cut lumber, KD	100	100	100	100	100
DF 45 x 60mm, rough-cut lumber, KD	100	100	100	100	100
YC 4-5/16" rough, HC	95	95	95	95	95
YC 5" rough, HC	95	95	95	95	95
YC 5"x 6", random length, BC Clear	245	245	245	245	245
Spruce 8-3/4" Clear	340	340	340	340	340
Hem 6-1/2" Clear	240	240	240	240	240
Nordic 3m x 27 x 105, stud, KD	75	75	75	75	75

Movement of American Lumber in Keihin Ports

(Unit: cubic meter)

	Arrival	Shipment	Ending Inventory	Inventory Rate
Monthly Results in July				
Small Square Lumber				
Hem 4-1/8"	2,523	2,381	4,656	2.35
Hem 3-9/16"	2,116	2,588	3,603	1.22
sub total	4,639	4,969	8,259	1.67
Other Lumber Products				
Hemlock	1,635	1,495	3,542	1.54
Douglas Fir, SS	4,297	4,520	3,516	0.68
Douglas Fir	1,466	1,909	1,659	0.61
Red Cedar	323	235	1,095	6.19
Yellow Cedar	89	418	3,660	5.48
Spruce	440	184	640	3.56
SPF	14,328	15,029	6,318	0.47
Overall Softwood Lumber	27,289	28,852	29,316	0.91

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

main factories of Canadian forest product companies that manufacture products for Japan. At the one of the factories, due to the forest fires, the supply of electricity was blocked with the utility poles and electric wires lost, and the roads were made impassable while bridges were burned down as well, which made the factory unable to operate. At present, restoration work is being promoted at the factory.

As for the ports, the strike attracted attention for a while, but the operation was resumed without a hitch. However, as the volume of cargo for Japan is small, it seems that there are some cases where shipping companies cancel the departure of ships one-sidedly. According to a report, because of that, there were no ships from Canada to Tokyo for a few weeks though two to three ships from Canada arrive in Tokyo on a weekly basis usually.

As for the evaluation of prices, the committee member in charge of logs was absent. On a different note, both prices and the indications were unchanged. As for the lumber, due to the fire at Chugoku

Mokuzai's Kashima Factory, the indications of some of hemlock and Douglas fir items became stronger. Especially, there were many inquiries for 3-Sun square (90mm x 90mm). As for Douglas fir's 45mm x 90mm, while it continues to hold bullish, one participant said, "Its quantity is low, so while it can be sold at high prices to the customers who want to buy Douglas fir at any cost, other customers will shift to other tree

types and end up becoming satisfied to some extent."

As for the product prices, just the price of the spruce 8-3/4 was raised and set at 400,000 yen.

In July, the arrival and shipment at Kashima Port that supplies logs for Kashima Factory of Chugoku Mokuzai was 55,013 cubic meters.

Supply/Demand of American Timber

(1,000 cubic meters)

	Import			Consumption			Stocks		
	Log	Lumber	Total	Log	Lumber	Total	Log	Lumber	Total
2019	2,431	1,757	4,189	2,443	1,768	4,211	186	118	304
2020	1,812	1,391	3,204	1,847	1,442	3,289	143	70	213
2021	2,266	1,375	3,641	2,292	1,339	3,631	118	125	243
2022	2,217	1,080	3,298	2,253	1,108	3,361	133	98	231
2023									
YTD	1,100	454	1,554	1,041	473	1,514			
Jan.	188	63	250	171	65	236	150	96	245
Feb.	130	61	190	133	61	194	147	95	242
Mar.	169	76	245	173	81	254	151	90	241
Apr.	156	63	219	123	67	190	184	86	270
May	142	69	211	147	66	213	187	89	276
June	128	68	196	163	72	235	152	85	237
July	188	55	243	131	61	192	216	79	295
Aug									
Sept									
Oct									
Nov									
Dec									

Wholesalers' View

Tokyo wholesale market in September

<Japanese Timber>

Akita timber was quoted at the same prices as the previous month. The producing area suffered from heavy rains in July followed by a heat wave in the

second half of August. It reached 38 degrees Celsius during the daytime in Akita Prefecture this summer. A factory experienced room temperatures reaching 40 degrees, causing five workers to

suffer heat stroke simultaneously, despite them taking breaks every two hours. The temperature did not drop below 30 degrees even at night in some areas. These

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conditions slowed down the loading and unloading of products.

Many wholesalers reported that the sales of Tokai timber in August were sluggish. The transactions after the summer holidays in mid-August have not been enough yet, and the market remains weak despite a limited number of products due to an off-harvest season in the producing region.

Japanese structural lumber continues to show a sense of oversupply. Large sawmills have an ample inventory of lumber, operating with production adjustments continuously. All items were quoted lower by 2,000 yen this month. Log prices nationwide are showing a bearish trend. The shipments of lumber remain slow, but inquiries for 105-millimeter squares have increased.

Although housing starts of wooden detached homes have been below the year-on-year level, the committee member in charge said, "The market for Japanese lumber will probably bottom out" due in part to the high cost of imported lumber. Log production will start in autumn, but since KD lumber is currently the predominant product in circulation, it is unlikely that the prices of lumber will drop, considering the time it takes to dry.

<"hirakaku" and dimension lumber>

The committee member in charge said that the shipments in August went down by 30% year-on-year. The delays in SPF loading appear to vary among exporters due to the local port strikes.

Some vessels loaded in August have arrived in Japan almost on schedule, while some others are canceled for being unable to carry their goods to the port. The situation is not yet stable. Meanwhile, in Japan, there is neither a sense of anxiety nor that of impatience regarding the delays in port arrivals. Despite the expectation of continued low arrivals, product movements remain weak, and the number of inquiries is scarce.

However, amidst the production cutbacks and log shortages, a sawmill that was processing lumber for export to Japan has been shut down due to electrical wire issues caused by wildfires in the producing area. As a result, its production has shifted to a different factory. There is a chance that it will give concerns about product arrivals in the future.

Regarding the impact of the fire at the Kashima Plant of Chugoku Mokuzai, the committee member stated that, "We could sense the manufacturer's pride and resilience in the way they handled it, considering their history of supporting the Japanese housing market through beam production; and there is no need for us to sow confusion on our side."

<Imported Timber>

As for Spruce custom cut, the local government in Canada extends the logging ban of old growth over 200 years old until 2025. Exportable logs are expected to be sold to China, Taiwan, and other countries continuously, making it remain more challenging for Japanese buyers to secure logs for the future.

The local output of logs for Hemlock clear boards continues to decrease, and the prices tend to remain high. Meanwhile, major suppliers maintain their supply of balsam fir, an alternative species, to Japan, and newly produced wood is expected to arrive within this year.

The supply of Douglas fir clear boards for Japan continues even in a small quantity. Some users in the Japanese market are shifting from red cedar, which is higher priced.

The arrivals of North American lumber have increased because of the resolution of the port strikes in Vancouver. Such factors as strong sales in new houses in the U.S. and larger wildfire damages in North America than usual have not given a major impact on the lumber prices.

There is an impression that transactions with Russian timber have increased after the summer holidays in mid-August, but there are a number of one-time jobs or purchases only for immediate needs. The market inventory of cleats (Sangi) and 45-millimeter squares is decreasing, but the market is calm due to low workloads.

Inquiries for Nordic timber are on the rise, with some sizes such as 120 x 45 becoming scarce in stock. The wood demand is sluggish in the producing regions due to poor business sentiment in the local markets where labor and energy costs are rising. Some local parties concerned say the Japanese market has rather more transactions.

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Wholesalers' Market Prices in Kiba, Tokyo

(Unit:1000yen)

item	sales unit	grade	2023		
			Aug	September	
JRC-Akita, narrow width board for rail	m3	special 1st	68	68	holding
JRC-Akita kowari plank (3.65m, 2.1cm x 3.0cm)	piece	Air-Dried	0.32	0.32	"
JRC-Tokai, KD baby square (4m, 10.5cm x 10.5cm)	m3	planed special 1st	110	110	"
JRC-Tokai, KD baby square (6m, 12.0cm x 12.0cm)	m3	planed special 1st	200	200	"
JRC-Tokai, KD batten products (4m, 10.5cm x 3.0cm)	m3	planed special 1st	110	110	"
JRC-Tokai, KD batten products (3m, 10.5cm x 3.0cm)	m3	planed special 1st	110	110	"
*JRC, baby square for post KD (3m, 10.5cm x 10.5cm)	bundle		92	90	weaker
*JC, baby square for post KD (3m, 10.5cm x 10.5cm)	m3		117	115	"
*JC, baby square for sill KD (4m, 10.5cm x 10.5cm)	bundle		107	105	"
*JC, baby square for sill KD (4m, 12.0cm x 12.0cm)	m3		102	100	"
Ash, plain board (thickness 3.4cm)	m3	dried, special	490	490	holding
White oak (imported, 6ft.up, 4/4" x 6" up)	m3	FAS/IF	490	490	"
Spruce, flitch (length 8-3/4cm)	m3	Select Merch	200	200	"
DF, beam, home sawn KD (3m, 12.0cm x 21.0cm)	m3		130	130	"
DF, laminated beam (imported, 4m, 12.0cm x 30.0cm)	m3		210	210	"
Redwood, laminated beam (imported, 4m, 12.0cm x 30.0cm)	m3		145	145	"
SPF, D (2x4, length 14ft.)	piece	J-Grade, No.2	1.90	1.90	"
SPF, D (2x10, length 14ft.)	piece	J-Grade, No.2	5.76	5.76	"
DF, D (2x10, length 14ft.)	piece	J-Grade, No.2	6.56	6.56	"
SPF, D (1x4, length 12ft.)	piece		0.93	0.93	"
Hem, baby square KD (imported, 4m, 10.5cm x 10.5cm)	m3	(S4S)	75	75	"
Hem, batten products KD (imported, 4m, 4.5cm x 6.0cm)	m3	(S4S)	85	85	"
DF, baby square KD (imported, 4m, 10.5cm x 10.5cm)	m3	(S4S)	80	80	"
DF, batten products KD (imported, 4m, 4.5cm x 6.0cm)	m3	(S4S)	100	100	"
Hem, treated sill (4m, 10.5cm x 10.5cm)	m3	special 1st	90	90	"
DF, treated sill KD (4m, 10.5cm x 10.5cm)	m3	special 1st	105	105	"
Red Pine plank KD (imported, 4m, 3.0cm x 4.0cm)	m3	upper	145	143	weaker
Red Pine plank (imported, 4m, 4.5cm x 4.5cm)	m3	1st	110	110	holding
Red Pine cleat (imported, 4m, 2.4cm x 4.8cm)	piece	1st&2nd	0.38	0.38	"
Whitewood, stud KD (mabashira, imported, 3m, 2.7cm x 10.5cm)	bundle	pithless	118	118	"
Whitewood, kudabashira (CP, 3m, 10.5cm x 10.5cm)	piece	5-ply	3.90	3.70	weaker
WS (imported, 3.7m, 2.4cm x 15.0cm)	m3	1st, treated	255	255	holding
Serangan Batu (imported, 4m, 3.0cm x 10.5cm)	m3		380	380	"
Mercusi Pine, laminated board	bundle	A-grade	123	123	"
Red Pine, laminated board	m3	A-grade	160	160	"
Lauan plywood, F☆☆☆☆ (thickness 2.3mm, imported)	sheet	1st	1.16	1.16	"
CF plywood, F☆ (imported, 1.8m, 12.0mm x 90.0cm)	sheet	JAS (A)	2.10	2.11	stronger
Coated CF plywood (imported, 1.8m, 12.0mm x 90.0cm)	sheet	JAS (A)	2.35	2.37	"
Lauan structural plywood, F☆☆☆☆ (imported)	sheet	JAS	2.13	2.13	holding
Softwood structural plywood, F☆☆☆☆ (12mm)	sheet	JAS	1.90	1.90	"
Softwood structural plywood, F☆☆☆☆ (24mm)	sheet	JAS	4.05	4.05	"
Softwood structural plywood, F☆☆☆☆ (9mm)	sheet	JAS	2.74	2.74	"

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.

<Precut>

Orders from major house manufacturers in August remained strong, with a backlog of orders, although new orders have slowed down. The price-cutting competition for precut has been intensifying. Some prices have fallen below profitability, leading to competition among precut manufacturers for financial strength.

<Plywood>

Japanese softwood plywood saw

a significant increase in inquiries leading up to the mid-August summer holidays, but activity has since subsided after the break. Manufacturers will continue to drastically reduce production. The prices are likely to remain unchanged for the time being.

Imported plywood is experiencing a continuous decline in port arrivals, gradually disrupting the supply and demand balance. Due to the scarcity of future contract

commitments, upstream operators have increased their search for actual products more than before. Recently inquiries for coated plywood for concrete formwork have become stronger. The prices have rebounded from missing items. "We would recommend procuring necessary items as early as possible," said the committee member in charge.

Wholesalers' Market Prices in Kansai Area

(unit: 1000yen)

item	sales unit	grade	2023		
			Aug	September	
JRC, baby square KD (105mm x 105mm /120mm x 120mm) 4m	m3	special	110	110	holding
*JRC, batten products KD (105mm x 30mm) 4m	m3		95	90	"
JC, baby square for sill, G (105mm x 105mm) 3m · 4m	m3	treated, special 1st	110	110	"
JC, baby square for post KD (105mm x 105mm) 3m	m3	special	110	110	"
DF, rafter, G (45mm x 45mm) 4m	m3		80	80	"
DF, rafter, KD (45mm x 45mm) 4m	m3		100	100	"
DF, stud, KD (30mm x 105mm) 3m	m3		-	"	"
DF, diagonal brace, KD (45mm x 90mm) 4m	m3		100	100	"
DF, rafter, G (45mm x 60mm) 4m	m3		80	80	"
DF, horizontal member, G (90mm x 90mm /105mm x 105mm) 3m · 4m	m3		68	68	"
DF, horizontal member, G (105mm x 120mm—270mm) 3m · 4m	m3		68	68	"
Whitewood, stud (27mm x 105mm) 3m	m3		82	82	"
Whitewood, stud (30mm x 105mm) 3m	m3		82	82	"
Whitewood, through column (105mm x 105mm) 5980mm	piece		6.3	6.3	"
Redwood, (105mm x 105mm) 3-6m	m3		92	92	"
Redwood, (120mm x 150—390mm) 3-6m	m3		92	92	"
Redwood, (105mm x 105mm) 5980mm	piece		6.3	6.3	"
Softwood structural PW (12mm, 910mm x 1820mm)	sheet		1.70	1.70	"
Softwood structural PW, T&G (24mm, 910mm x 1820mm)	sheet		3.50	3.50	"

JRC=Japanese Red Cedar, JC=Japanese Cypress, DF=Douglas Fir, PW=Plywood, G=Green

*The price source of batten products KD (105mm x 30mm x 4000mm) has changed since July 2023.

Plywood market 3rd week September

As for the domestic softwood plywood, there was a loss in momentum of incoming orders after the summer break in August, and the number of inquiries has been small. Companies are eager to secure sales on a priority basis in order to get ready for the midterm account settlement, but lowering prices is not likely to improve the movement of products. Under the circumstances, more sales are made with the profits cut to some degree. Plywood manufacturers are controlling the supply volume by continuing to reduce production and seem to be trying to make the prices stable.

In the general distribution, purchases continue to be made to fill current needs mainly, and small-lot orders are found occasionally. As indicated by the wooden housing start figure, the situation is severe for pre-cut factories in terms of the number of orders received, and the call for lower material prices from housing manufacturers seems to be getting stronger.

As for the imported plywood, there has been no recovery in the low import volume, and a move to look for the actual goods for the out-of-stock items has started being generated. The inventory on hand of coated plywood for concrete forming, medium-thick general plywood, plywood for structural use, etc. is declining, and the trend of recovery in prices has started with the items that are in short supply.

Local plywood manufacturers cannot afford responding to the call for lower prices from the Japanese side, and partly because the rainy season is approaching, they are waiting for the recovery in the prices. As the yen remains weak as well, anticipation of lower prices cannot be avoided, and the amount ordered remains minimal. As the demand is weak, there is no panic even if items become out of stock, but it seems necessary to secure the necessary items and pay attention to the future demand trends.

JAPAN DIY HOMECENTER SHOW 2024

August 29-31 2024, Makuhari Messe

Exhibit Categories including; Building Materials/Timber, Interior Materials / Home Furnishing Goods, Exterior Goods, Gardening / Agricultural Materials, etc.



The JAPAN DIY HOMECENTER SHOW 2023 was held

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For exhibit inquiry, please contact:

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Statistics

European timber news

The arrival of European softwood lumber products in July 2023 was 141,794 cubic meters, down by 5.6% from the previous month and down by 39.9% from the same month in the previous year, and fell below 150,000 cubic meters again. In the market, the adjustment of product inventory has been promoted, but it is not resulting in the expected price increase since the demand trend which fails to take a turn for the better is hindering it. Under the circumstances, there is an information that the prices for new contracts "are declining" as well, so it is becoming increasingly harder to figure out the condition of the prices of European lumber.

As for the arrival by country in July, the arrival from Sweden was 51,241 cubic meters (down 30.3% from the same month in the previous year) while the arrival from Finland was 51,345 cubic meters (down 30.9%). The ar-

rival from Austria and Romania was 11,776 cubic meters (down 51.6%) and 3,716 cubic meters (down 67.9%) respectively while the arrival from Latvia and the Czech Republic was 6,160 cubic meters (down 47.5%) and 5,126 cubic meters (down 43.9%) respectively. The arrival from other countries was 12,430 cubic meters (down 60.6%). The arrival from all the countries fell below the previous year significantly.

The arrival of laminated lumber in July was 37,316 cubic meters, down by 25.8% from the previous month and down 52.8% from the same month in the previous year, and declined to the 30,000-cubic meter level again. As for the arrival by country, the arrival from Finland was 17,975 cubic meters while the arrival from Austria was 7,407 cubic meters. The arrival from Romania was 2,915 cubic

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Imports of European Laminated Lumber by Countries

		unit : cubic meter; %					
		Total	FINLAND	AUSTRIA	ROMANIA	ESTONIA	others
2023	YTD	294,728	150,226	40,085	42,333	31,630	30,454
	JUL	37,316	17,975	7,407	2,915	4,042	4,977
	AUG						
	SEPT						
	Y/Y	-52.8	-37.9	-37.4	-85.9	22.2	-65.3

Imports of European Lumber by Countries

		unit : cubic meter; %							
		Softwood Lumber							
		Total	SWEDEN	FINLAND	AUSTRIA	ROMANIA	LATVIA	CZECH	others
2023	YTD	931,789	324,177	327,336	90,253	36,186	46,885	24,569	82,383
	JUL	141,794	51,241	51,345	11,776	3,716	6,160	5,126	12,430
	AUG								
	SEPT								
	Y/Y	-39.9	-30.3	-30.9	-51.6	-67.9	-47.5	-43.9	-60.6

Average Import Value for Major European Commodities

		Softwood Lumber					Structural Laminated Lumber				
		All Europe	SWEDEN	FINLAND	AUSTRIA	ROMANIA	All Europe	FINLAND	AUSTRIA	ROMANIA	ESTONIA
2023	JUL	51,069	46,640	44,377	63,636	63,590	66,892	65,483	68,630	65,801	69,309
	AUG										
	SEPT										
	Y/Y	-33.1	-38.8	-35.8	-19.8	-28.5	-45.5	-47.1	-41.6	-47.5	-42.5

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

meters while the arrival from Estonia was 4,042 cubic meters. 4,977 cubic meters came from other countries. Except for the arrival from Estonia, the arrival was significantly lower than the previous year.

The price of all European lumber products (CIF Port Japan) in July was 51,069 yen per cubic meter. The price was up by 6.4% from the previous month while it was down by 33.1% from the same month in the previous year. As

for the price by major country, the prices of products from Sweden and Finland were 46,640 yen and 44,377 yen respectively while the prices of products from Austria and Romania were 63,636 yen and 63,590 yen respectively. The prices of products from all the countries increased from the previous month though the increase was small.

The price of laminated lumber for structural use was 66,892 yen per cubic meter, up by 0.1% from

the previous month and down by 45.5% from the same month in the previous year. As for the price by major country, the price of products from Finland was 65,483 yen while the products from Austria was 68,630 yen. The products from Romania and Estonia were 65,801 yen and 69,309 yen respectively. The products from Austria and Estonia were lower than the previous month.

Statistics

Russian Timber News

There have been no Russian log arrivals to Japan since January 2022, when the last shipment of 6,705 cubic meters (larch) was received.

For lumber products in July 2023, arrivals of pine/fir were 39,941 cubic meters increasing 18.7% from the previous month and decreasing 46.5% from the same month last year. Pine/fir arrivals have decreased and distribution inventories continue to decline, but there has been no disruption in the market due to shortages. Prices have remained weak and the use of alternatives, European and domestic lumber, seems to

be progressing. Arrivals of larch products in July were 204 cubic meters.

The arrivals of laminated lumber for the structural use in July were 5,065 cubic meters, up 55.4% from the previous month and down 30.1% from the previous year. Arrivals recovered somewhat, although they did not reach the 7,000 cubic meter level in February and March. It remains to be seen whether supply will continue to recover steadily in the second half of the year.

As for lumber products, the price of larch was 50,863 yen per cubic

meter and Pine/fir was 54,697 yen per cubic meter. Pine/fir prices were up 7.2% over the previous month and minus 23.9% year-on-year. Pine/fir prices reversed for the first time in four months, although this could be due to the exchange rate.

The price of laminated lumber for the structural use was 52,246 yen per cubic meter, down 0.6% from the previous month and 51.1% from the previous year. Prices have remained unchanged since early spring without major fluctuations.

News in Brief

September 1 of this year marked the 100th anniversary of the Great Kanto Earthquake, which caused unprecedented damage with 293,387 houses destroyed, burnt down, or swept away and approximately 105,000 people dead or missing. According to the Cabinet Office website, the Great Kanto Earthquake was a huge earthquake with a maximum seismic intensity of 7 and an estimated magnitude of 7.9. Significant damage was seen not only in wood constructed housing but also to brick buildings in the wake of the Great Kanto Earthquake. Masonry buildings are vulnerable to earthquake damage unless they are properly reinforced with steel. Even in recent years, the collapse of a concrete block wall during the earthquake in Osaka Prefecture in June 2018 was closely looked at. Poor design and construction as well as corrosion of the reinforcing steel rods were reported to be factors in the collapse of the brick wall. The fires in the Great Kanto Earthquake continued to burn for two days and nights. Even in modern cities, the possibility of fires causing widespread damage must be assumed. First, in order to suppress damage by fires to a minimum, building housing with high fire resistance performance is necessary.

On July 13th, the Housing Research Foundation JUSOKEN, a general incorporated foundation, held its 60th JUSOKEN Symposium, titled “_ _ Carpenters” Making the Future of Home Living (first session). At the event, Professor Hirotake Kanisawa of Shibaura Institute of Technology provided an explanation of the title and theme. Lectures were also given by: 1) the father and son pair of Keita Funai (son) known as “YouTuber Carpenter” and his father known as “Carpenter Shoyan”, 2) Shunsuke Nakako known as “Digital Carpenter” from the Regional Revitalization Cooperation Team, and 3) Kenji Uehara, the representative director of Sakurasaku Co., Ltd. and known as “Furniture Carpenter”. In the lecture by the “YouTuber Carpenter”, Keita Funai took a video of his father, a carpenter, and spoke about the process, analysis, and outlook of how he became popular on YouTube under the channel name “Carpenter Shoyan”. He first started going on YouTube with the hypothesis: “There is value in being able to see houses being built by Japanese craftsmen”. Currently, the number of subscribers is approximately 593,000 for the Japanese channel and 123,000 for the English channel for a total of approximately 716,000. According to the channel’s survey, he estimated that one in two carpenters in Japan watches it. The channel is also used by educational institutions and employee training, and he commented, “It is making an entrance for carpenters”. His father, “Carpenter Shoyan”, is 66 years old. He is aiming for 1 million subscribers by the time his father retires.

The Japan Extension Remodeling Conference Organization (JERCO) held a seminar called “Day to Think about Renovation Quality” on August 4 for the 5th time. With a changing theme for each seminar, the theme for this seminar was “Thinking about the quality of renovation from the perspective of JERCO’s reason of being”, and the keynote lecture was given by Hikaru Okamoto, the representative director of Seed & Architecture Co., Ltd. In his lecture, Hikaru Okamoto considered what the “reason of being (purpose)” of an organization is in society. First, he confirmed the definition of “purpose”. He said that it is the most powerful branding tool and the ultimate weapon for differentiation, and that it is similar to but different from the company’s management policy of MVV (Mission, Vision, Values). Currently, “purpose” management is attracting attention, so he specifically introduced companies that utilize “purpose”. He pointed out that Sony Group Corporation’s purpose is to “fill the world with emotion through the power of creativity and technology”. In addition, Unilever Japan has set its purpose as “to make sustainable living the ‘obvious norm’”. He explained that the three elements provide hints for finding each company’s “purpose”: 1) “something unique and characteristic strength”, 2) “things that bring value to society and what is expected of them”, and 3) “persuasion and empathy”. Among JERCO, its members, and construction firms, he summarized that the introduction of a “purpose” will become a growth engine for the business and urged everyone to participate and make it happen in an enjoyable way.

On August 9, the Ministry of Land, Infrastructure, Transport and Tourism announced that it has made its selection among the first call for proposed applications for the “Leading Projects for Sustainable Buildings (Climate Adaptation Type) for Fiscal 2023”, which will contribute to the dissemination and awareness of leading technology. In the climate-adaptive type of the project, the government provides support for a part of the construction costs for the construction of model housing that preserves traditional living culture and reduces the environmental impact. Four projects were selected. Among the selected, one was “Inaba House” proposed by the architecture office of Akito Niwa Atelier. This project is located in a rural area facing a valley on the outskirts of a city, and it accommodates seasonal living through traditional construction methods, floor plans, and a combination of old and new material. In addition, an area to meet with local residents was set up, and a home that will serve as a living space for generations to come was created. Among the other selections, “Wind-Flowing House in Yanbaru Yagaji Island” (Okinawa Prefecture) proposed by Croton Sekkei Co., Ltd. was selected. In the hot and humid region of the residential area, this small-scale house is built using traditional methods of Okinawa such as windbreak forests and earthworks to protect against typhoons, prevent ant damage, and deal with the hot and humid climate.



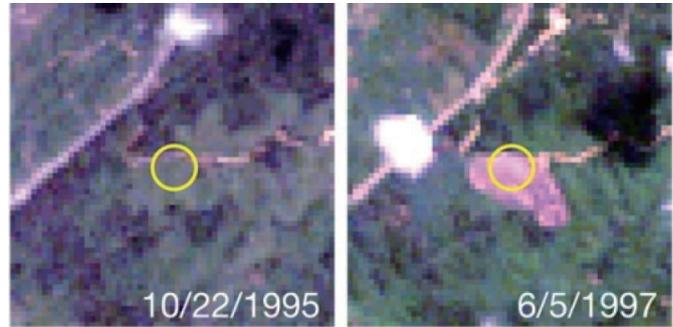
Inaba House with mud-plastered wall, naturally dried lumber, cedar and cypress logs

By 2050, up to 216 million people in the Asia-Pacific region, Africa, and other parts of the world are predicted to flee their homes due to climate change caused by global warming. Also among the children of the world, about half of them corresponding to 1 billion people live in the 33 countries most severely affected by extreme climate change. These 33 countries account for only 9% of the world's CO2 emissions. The reality is that children living in these countries who are not responsible for global warming are suffering the most. With this in the background, LIXIL Corporation held an event on August 10 to launch its new project called “Project Connecting Homes to the Future”. This project contributes to promoting energy conservation and reducing CO2 emissions by insulating homes, and supports the activities of UNICEF by donating a portion of its sales in order to protect children who are the most vulnerable to the effects of climate change. At the event, Satoshi Yoshida, an executive officer and executive vice-president, gave an outline of the project, and Ryuichi Ebihara, the Head of Corporate Partnerships of Japan Committee for UNICEF, explained about how children are affected by climate change and UNICEF's support activities. In addition, LIXIL SDGs ambassadors and guests participated in a quiz on climate change, and a soccer “pass and goal play” was conducted to commemorate the start of the project. Under this project, 50 yen will be donated through UNICEF for each eligible product purchased in Japan. Approximately 1,000 yen per household will be donated. The implementation period is for three months from October to December this year.



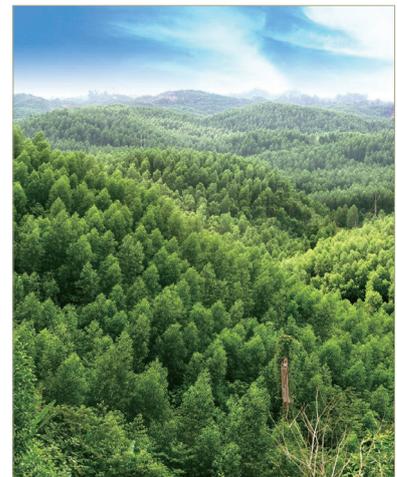
Recently, an international joint team from Kochi University, Japan International Research Center for Agricultural Sciences, Okayama University, Research Institute for Humanity and Nature Forest Department Sarawak, University Putra Malaysia, University of Malaysia Sarawak, and Mie University has developed technology to determine accurately the formation period of regenerated secondary tropical forests in Southeast Asia after they were destroyed by slash-and-burn farming or forest fires. Due to commercial logging and agricultural land development, most of the primary rainforests in Southeast Asia have disappeared in recent decades, and a majority of the remaining forests have been transformed into secondary

forests (forests that have since regenerated). Appropriate evaluation of secondary tropical forests is essential to sustainably conserve and manage tropical forests, but the lack of technology to determine when they were formed has been a problem. This study revealed that the period of formation of secondary tropical forests can be determined with high accuracy by examining radioactive carbon isotopes contained in trees in secondary tropical forests in Malaysia and estimating the age of trees from this. By using this technology, the evaluation of carbon stock and biodiversity in secondary tropical forests is expected to advance and to lead to the establishment of appropriate forest conservation and management techniques.



Satellite images before (left) and after (right) disturbance

On September 11, Daiken Corporation (Osaka City) announced that its consolidated subsidiary, Daiken Sarawak Sdn. Bhd. (referred to as DSK), which manufactures MDF, has acquired all shares of WTK Reforestation Sdn. Bhd. (referred to as WTKR), a tree-planting business in Malaysia, by entering into a stock transfer agreement with the parent company of WTKR. WTKR is scheduled to become a subsidiary of DSK within this year. With this acquisition, a more stable procurement of wood from planted forests, which is the raw material for MDF, will take place, and all of the wood fiber raw materials in DSK's products will be switched to wood from planted forests with a target of completing this change within fiscal 2025. Due to the effects of the recent plywood shortage, demand for MDF is on a rising trend both domestically and overseas. Daiken Corporation produces about 550,000 m³ annually at four overseas manufacturing bases, and within that amount, DSK produces about 90,000 m³ annually. About 50% of the wood fiber raw materials are made from planted trees procured from the company's planted forests or plantation trees purchased from other companies, and the approximately remaining 50% is made from sawn lumber offcuts from lauan wood (Southsea luber). Under these circumstances, the company set a policy of eliminating lauan and made plans to increase the ratio of wood from planted forests for wood fiber raw material to 100% and to build a product supply system with stable quality and price.



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