

# Japan Lumber Journal

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## Wooden buildings account for more than 10% of public buildings in 2014

The Forestry agency released the rate of wooden buildings in public buildings in FY 2014 on June 8th. The figures are calculated based on “the Building Starts 2014” by the Ministry of Land, Infrastructure, Transport and Tourism. The rate of wooden buildings in public buildings (floor area basis) which started construction in FY 2014 is 10.4% (up 1.5 points from the previous year).

The floor area of buildings which started construction in FY 2014 is 130.79 million square meters. Out of them, 52.65 million square meters are for wooden buildings, and the wooden building rate is 40.3% (down 1.5 points). The floor area of public buildings is 19.66 million square meters. Out of them, wooden construction area is 2.03 million square meters and the wooden building rate is 10.4%.

Since the enforcement of “the Law for Promotion of Use of Wood in Public Buildings” in 2010 to FY 2013, the wooden building rate of public buildings has hovered at 8% to 9%, but the rate exceeded 10% for the first time in

Percentage of Wooden Buildings

	2010	2011	2012	2013	2014
<b>Total Buildings</b>	43.2	41.6	41.0	41.8	40.3
<b>Public Buildings</b>	8.3	8.4	9	8.9	10.4
<b>Low-rise Public Buildings</b>	17.9	21.3	21.5	21.0	23.2

FY 2014. When looking at the figures of low-rise public buildings (three stories or less) in which the use of wood is actively promoted by the law, the floor area of buildings which started construction in FY 2014 is 7.28 million cubic meters. Out of them, wooden construction area is 1.69 million square meters, and the wooden building rate is 23.2% (up 2.2 points).

Public buildings are the buildings built by the national government, local governments and private business operators which include educational, medical and welfare facilities.

Looking at the wooden building rate of public buildings which started construction in FY 2014, the rate of the buildings built by the national government is 1.6% and among low-rise public buildings, wooden buildings account for 8.1%; the rate by prefectural governments is 3.6% (low-rise: 11.7%); the rate by municipal governments is 8.2% (low-rise: 17.4%); and the rate by private companies and individuals is 13.8% (low-rise: 27.4%).

Over a quarter of low-rise public buildings which were built by private companies and individuals were wooden structure because the buildings are relatively small and easy to build with wood. “The Law for Promotion of Use of Wood in Public Buildings” is becoming widely spread to private sector.

**On 25 August 2016, we publish a double issue Number 15 and 16 that includes all regular articles and others.**

**Correction:**

In “News in Brief” on the issue 57-13, an article about the Japan Plywood Wholesalers Association misstated the name of the managing director. It is “Yoji Ito”, not “Ito Yoichi.”

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On the other hand, the wooden building rate of public buildings built by the national government is low because the buildings include power generation facilities and defense facilities, therefore importance is placed on maintaining the functionality and durability. The wooden building rate of public buildings built by prefectural governments and municipal governments is also lower than that by private sector because the buildings are relatively big.

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### Topics

## SGEC and PEFC to have mutual recognition

SGEC, the Japanese forest certification scheme run by the Sustainable Green Ecosystem Council, and the Programme for the Endorsement of Forest Certification Schemes (PEFC), an international scheme, decided to have mutual recognition officially.

The council is to act as an organization to operate the PEFC schemes in Japan under the mutual recognition, in addition to its administration of the SGEC scheme. The SGEC certified wood will be distributed and managed under the SGEC logo within the supply chain of Japanese certified wood. It will be managed as PEFC certified wood when it is exported to enter into the overseas supply chains of PEFC certified wood.

The council started to examine internationalization of the SGEC scheme in 2011, for expansion of demand for Japanese wood, as well as for development of the forestry and wood industries in Japan. Since then they have worked on the

project aiming at mutual recognition with PEFC. SGEC formerly joined the PEFC Council in 2014. They submitted an application for endorsement of the SGEC scheme to the PEFC Council in March 2015. The endorsement of the SGEC scheme was formally approved by the PEFC General Assembly on June 3, 2016.

The area of the SGEC certified forests in Japan covers 1,492,000 hectares as of May 30, and 375 business entities have gained *SGEC CoC Certification* that proves their appropriate management and processing of wood from the certified forests. The internationalization of SGEC scheme is expected to urge export of Japanese wood for the future.

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### Government

## The Strategies for Restoration of Japan 2016

The Cabinet approved *The Strategies for Restoration of Japan 2016 – toward the fourth industrial revolution* on June 2. Based on the strategies, the government is to tackle with further reform for three subjects as follows: (1) Strategic creation of a potentially growing market, (2) Productivity reform for subjugation of the limited supply and labor shortage due to depopulation, and (3) Enhancement of human resource in order to support the new industrial structures.

As for the forestry and wood industries related matters in the strategies, they are to work mainly on creation of new demand for wood, construction of stable and effective supply system of Japanese wood,

and popularization and expansion of cross laminated timber (CLT). They target at building a system of producing around 500,000 cubic meters of Japanese CLT a year by fiscal 2024, and at expansion of use of wood biomass as energy sources and others to 6 million cubic meters by 2020.

For creation of demand for wood, they are to promote more use of wood for public buildings, commercial buildings, and mid-and high-rise buildings, in addition to the housing sector. For example, Japanese wood are to be used actively for the New National Olympic Stadium. Also while they promote diffusion of CLT as building materials, they are to enforce various policies in order to spread knowledge of design and construction for local building contractors and builders to apply easily, to cultivate human resources which are competent in wooden construction, to promote further research and development including enrichment of production systems for new wooden commodities and demonstration of earthquake-proof performance, and others.

Also measures are to be discussed in order to promote more use of wood in the building sectors where wooden constructions are not so common, including reexamination of *the Act for Promotion of Use of Wood in Public Buildings*. Besides, they are to put effort into new projects such as promotion of use of wood biomass, research and development for international standardization of cellulose nanofiber and making it into products, and research and development of high-value-added products using *lignin*, which takes about 30 percent of the constituents of wood.

For construction of stable and

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effective supply system of Japanese wood, they will promote clarification of forest borders and owners, grasp of forest information, improvement of road networks, development and introduction of high-performance forest machinery, and systematic improvement of forests, in order to solve the small-scaled and scattered supply, a weak point of Japanese logs, and to allow stable and effective supply in a larger lot.

CLT, which are used for the flooring, exterior walls, and ceilings. They are going to measure and examine the flooring for its impulsive sound measures, and the exterior walls and ceilings for their performance as insulation/finishing and base use. The office building, with two stories above ground, covers 251.88 square meters of floor space in total. MEIKEN LAMWOOD CORPORATION produced the CLT from Japanese cedar grown in Kyushu.



**Topics:**

**Office building of MITSUIHOME CO., LTD. using CLT**

MITSUIHOME CO., LTD. organized a site tour of an office building using CLT as a project subsidized by the Forestry Agency and a large wooden warehouse next to the office, which MITSUIHOME COMPONENTS CO., LTD., a group company of MITSUIHOME has completed. The office building is combined with the two-by-four system and Japanese

The wooden warehouse is a panel structure with six-meter-tall wall framing. Its roof uses CONNEC, originally-developed stainless joint metals, to actualize wooden truss. The span is 23 meters. Almost all the structural wood is made from JAS lumber. The building cost of the warehouse can be about 10% lower with its smaller foundation and no piling work for it is lighter than RC structures and S structures are. Other advantages are a shorter period of construction work due to the panel system and larger storage capacity compared to the conventional angle brace system. The warehouse applies

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**JAPAN DIY HOMECENTER SHOW 2016**

August 25-27 2016, Makuhari Messe (location; Tokyo suburb)  
Exhibit Categories including; Building Materials/Timber, Interior Materials / Home Furnishing Goods, Exterior Goods, Gardening / Agricultural Materials, etc.



The briefing for the exhibitors for JAPAN DIY HOMECENTER SHOW 2016 was held

Organized by JAPAN DIY INDUSTRY ASSOCIATION  
[URL:http://www.diy.or.jp](http://www.diy.or.jp)

For exhibit inquiry, please contact: Overseas OperationOffice  
SPACE MEDIA JAPAN CO., LTD  
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[URL:http://www.smj.co.jp](http://www.smj.co.jp) E-mail: diy2016@smj.co.jp



**Movement of American Logs in Keihin Ports**

(Unit: cubic meter)

	Arrival	Shipment	Ending Inventory	*Inventory Rate
Monthly Results in May				
<b>Softwood Logs</b>				
Hemlock	2,338	938	1,858	4.33
Douglas Fir	595	1,294	2,550	1.94
Spruce	0	35	70	0.71
<b>Overall Softwood Logs</b>	<b>2,933</b>	<b>2,267</b>	<b>4,478</b>	<b>2.43</b>

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

**Wholesale Price of American Logs in Keihin Ports**

(1,000 yen / cubic meter)

Logs	2016				
	Mar	Apr	May	Jun	July
RC No.3, 12"up (Alaska)	41.04	39.60	39.60	39.60	<b>39.60</b>
YC pole, 6"up (Alaska)	35.64	34.20	34.20	34.20	<b>34.20</b>
Sp No.2, 24"up (Alaska)	102.2	102.2	102.2	102.2	<b>102.2</b>
Hem No.3, 12"up, Cascade	24.84	24.84	24.84	24.48	<b>24.48</b>
Hem No.3, 12"up, Coast	23.4	22.68	22.68	22.32	<b>22.32</b>
Hem, medium dia. 8/11 (J-sort)	23.04	22.32	22.32	21.96	<b>21.96</b>
DF No.3, 12"up, Cascade	34.92	33.12	33.12	32.76	<b>32.76</b>
DF No.3, 12"up, SS	28.8	28.08	28.08	27.72	<b>27.72</b>
DF No.3, 12"up, Coast	26.64	25.92	25.92	25.56	<b>25.56</b>
DF, medium dia. 8/11 (J-sort)	24.84	24.12	24.12	23.76	<b>23.76</b>

products, sellers are still not pushing buyers to buy products. There is not much concern for the increase in the arrival, and the atmosphere in the market of North American lumber products is weak. However, prices are not likely to decline significantly. The yen has been strong, but the contract for products which are currently sold by wholesalers in the market was finalized when the exchange rate was 110 yen to the dollar. "We would like to sell products while trying to avoid the cut in product prices as much as possible," said a wholesaler of North American lumber products. Still, there are already some cases where products are sold at lower prices at the direct route to the precut factories.

As for prices of North American lumber products in July, prices of all items including hemlock, Douglas

fir, yellow cedar, etc. remained unchanged, and indications held from the previous month. Prices of logs have been weak in local areas. The demand for logs in the U.S. has been firm, reflecting the strong housing start figure. However, the demand for logs for export is sluggish as the log purchase by China has not recovered. The price of logs for Japan is expected to remain weak in future partly due to the strong yen. Prices of hemlock and Douglas fir in July did not change from the previous month, and the indications held weakly.

In May, the arrival and shipment at the Kashima Port that supplies logs for the Kashima Factory of Chugoku Mokuzai Co., Ltd. was at the slightly low level, standing at 38,424 cubic meters.

**Wholesalers' view**

**Tokyo wholesale market in July**

"Delivery generally tend to be delay in June because it rains much, but this year shipment of products from precut factories was smooth thanks to little rain. Orders increased more in July, so precut factories are likely to be busy." (An attended member) At the Lumber Price Market Investigation Committee of Tokyo Lumber Wholesalers' Association which was held on July 5th at Shinkiba, Tokyo, the person involved in Precut expected the favorable market trends, which reflects the housing starts in May. In contrast, the movement of structural lumber in general distribution route has been slow. The indicative price of Douglas fir logs and spruce board which has been bearish decreased due to strong yen and slow movement of products. The price of imported plywood also decreased due to similar reasons. On the other hand the price of thick softwood plywood, whose demand is strong, increased.

<Japanese Timber>

The movement of wood batten products and fixtures from Akita timber was active, but that of crosspiece and furring strips was not. Output of logs decreased and this could send the price of them upward. The movement of custom-made lumber from Tokai timber used for shops was active in June but that of structural lumber was not. Manufacturers in producing area make efforts to sell products, but wood batten products which wholesalers want to buy is in short supply. The movement products from Kisyu and Owase timber in June was slow. The price of products has remained unchanged. The price of logs in producing area was weak

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and output of logs likely to decrease. Output of logs from Kyusyu timber decreased but sawmills did not buy logs because they have little work and worry about insect damage.

Only Hyuga factory of Chugoku Mokuzai Co., Ltd., where shipments of cedar laminated connective posts were strong, made efforts to buy logs to solve shortages of laminar. For

products, the movement of 105mm post square and connective post was active but others were not. In particular, 120mm post square was in oversupply. Precut factories in Kyusyu receive an increasing number of orders in July.

**Wholesalers' Market Prices in Kiba, Tokyo**

(lumber & logs 1,000 yen / cbm; plywood 1,000 yen / sheet; CP 1,000 yen / piece)

item	grade	2016		
		Jun	July	
JRC-Akita, narrow width board for rail	special 1st	55	55	holding
JRC-Akita Taruki (rafter)	KD special 1st	62	62	"
JRC-Akita kowari lumber	Air-Dried	0.24	0.24	"
*JRC-Akita, laminated kudabashira (CP)	5-ply	-	-	"
JRC-Tokai, baby square for roof beam	KD planed special 1st	70	70	"
JC-Tokai, baby square for sill	KD planed special 1st	100	100	"
JC-Tokai, batten products	KD planed special 1st	68	68	"
JRC-Kishu, baby square for post	special 1st	58	58	"
JC-Kishu, baby square for post	special 1st	92	92	"
JRC-Kyushu, baby square for post (3m)	KD, bundle	53	53	"
JRC-Kyushu, baby square for post (4m)	KD, bundle	53	53	"
JRC-Kyushu, hirawari for mabashira (studs, 3m)	KD, bundle	53	53	"
JRC-Kyushu, hirawari for mabashira (studs, 4m)	KD, bundle	53	53	"
Ash, plain board	dried, special	360.0	360.0	"
Alaskan Spruce log	No.3	115.2	115.2	"
DF log	No.3 Coast	39.96	39.24	weaker
Spruce, flitch	Select Merch	90	85	"
*DF, hirakaku, green (home sawn)		-	-	-
DF, hirakaku, KD (home sawn)		71	71	holding
DF, laminated beam (imported)		123	123	"
Redwood, laminated beam (imported)		79	79	"
JRC&DF, hybrid laminated beam		78	78	"
Hem, baby square (imported, 4m*10.5cm*10.5cm)	KD (S4S)	55	55	"
Hem, baby square (imported, 4m*4.5cm*10.5cm)	KD (S4S)	58	58	"
DF, baby square (imported, 4m*10.5cm*10.5cm)	KD (S4S)	55	55	"
DF, baby square (imported, 4m*4.5cm*6.0cm)	KD (S4S)	58	58	"
YC, baby square (imported)	green (FOHC)	72	72	"
Hem, treated sill	special 1st	59	59	"
Red Pine, Taruki (rafter, imported) KD		75	75	"
Red Pine KD	1st	65	65	"
Red Pine, stud (mabashira)		72	72	"
Whitewood, stud (mabashira, imported)	KD, pithless	65	65	"
Whitewood, kudabashira (CP)	5-ply	2.25	2.25	"
WS, square edged (imported)	1st, treated	175	175	"
Mercusi Pine, laminated lumber	A-grade	140	140	"
Yunshan Cedar lumber, KD	A-grade	245	245	"
Red Pine, laminated lumber	A-grade	140	140	"
Lauan plywood, Type II	1st, F4-star	0.58	0.57	weaker
CF plywood, Type I (imported)	JAS (A), F1-star	1.30	1.27	"
Lauan structural plywood (imported)	JAS, F4-star	1.34	1.31	"
Softwood structural plywood, Type I (12mm)	JAS, F4-star	1.10	1.10	holding
Softwood structural plywood, Type I (24mm)	JAS, F4-star	2.29	2.31	stronger

<'hirakaku'>

The movement of 'hirakaku' in June was slow and the price of red pine laminated beam was slightly bearish. Some builders switched from items to red pine laminated beam so orders from precut factories increased. The inventory of Douglas fir KD beam increased because Chugoku Mokuzai Co., Ltd. increased their production. This may have a future impact on the market and it is a concern.

<Hardwood>

Demand for hardwood did not increase in any sectors - building, interior and furniture, while the price of new arrival products could become bearishly holding due to strong yen. Sawmills and wholesalers have inventories of high cost, so their

JRC=Japanese Red Cedar, JC=Japanese Cypress, DF=Douglas Fir, Hem=Hemlock,

YC=Yellow Cedar, WS=White Seraya, CP=connective post, CF=concrete form

\* Price survey on the items has not been done since January 2016.

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business situation likely to become more tough.

<Imported timber>

The export price of North American logs has slightly decreased continuously, and arrivals of Canadian logs for plywood factories decreased. Sawmills which use North American logs have little work because orders for order-made lumber decreased. The price of Douglas fir logs is bearishly holding due to exchange rate fluctuations and fallen demand. The use of Spruce for non residential buildings is expected but there were only inquiries and no actual demand. The price of Spruce board is also bearishly holding.

Both arrivals and shipments of North American lumber products were small in June. Customers mainly did hand-to-month buying, but the inventory at Tokyo Lumber Terminal Pier 15 slightly decreased. Major manufacturers which produce Douglas fir small square started cutting the shipments to Japanese trading companies and precut factories. In July, operation rate in precut factories is expected to rise, but arrivals of North American lumber products are likely to be small.

The movement of Russian lumber products in June was slow. Arrivals of high grade red pine Taruki from manufacturers which can supply them are decreasing. The price of products has remained unchanged because both arrivals and shipments were small. As for European lumber products, both producing area and Japanese side seemed to take watch-and-see attitude because the future exchange rate is uncertain. The shortage of laminar for whitewood laminated connective post continued because both shipments and arrivals were small, but the price of them did not change so much.

As for Southsea lumber products, there are few logs at producing area - Sabah and Sarawak - and products are shipped to the Middle East and Europe. In the domestic market, they were only sold separately and custom-made lumber was sold, so the bundle price became bearish. Inquiries for each deck material have been active. The movement of Indonesian mercusi pine products was active centering A-grade products, but the trend could change affected by exchange rate. The price of new arrivals of Chinese red pine laminated lumber is expected to decrease because of the effect of exchange rate.

<Plywood>

Production of domestic softwood plywood from January to May increased by 10% from the previous year, while shipments increased by 17%, which exceeded production growth. The shortage is across the board, and in particular, thick products take longer delivery time. Market price has been slightly increased lead by manufacturers, and domestic manufacturers have sufficient profits. On the other hand, arrivals of imported plywood from January to May decreased by 9% from the previous year, being at a low level, but recovery in demand and supply were not seen and the number of inquiries was also small. Price has not been stable because of the effect of strong yen, and the movement of products has been slow. Trading companies is facing a tough situation because a decrease in future price would result in selling below-cost.

<Precut>

Shipments from precut factories were favorable in June because it was not affected by weather so much. In July, orders for builder related work were many, so operation rate is expected to increase from June. There are

sense of shortages in whitewood laminated post, cedar laminated post and softwood plywood. Work from general distribution route has been small.

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Statistics

## European Timber News

New housing starts have been good during the period from January through May this year, exceeding the figure for the same period in the previous year by 7.1%. The increase in the number of owner-occupied houses is just 2.1%. However, as for detached houses, polarization between luxury home and low-cost home is progressing, which is having an impact on timber products to be used. Recently, there is an increase in the number of cases where builders are switching from European whitewood 5-ply stand columns, which used to be overwhelmingly favored by builders, to cedar laminated columns due to price merits. "In terms of quality, it is slightly inferior, but that will not cause any problems in the performance of housing," said a builder. Attractive pricing, improved performance and stable supply system which is being organized are enabling users to switch items.

The arrival of European softwood lumber products in May was 242,876 cubic meters, up by 11.2% from the previous year and up by 1.2% from the previous month. The arrival from all the countries was favorable. The arrival from Romania, which declined at a certain time in the past, has also started becoming stable. The arrival of laminated lumber in May continued to be strong at 63,863

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cubic meters, up by 11.2% from the previous year and up by 0.7% from the previous month. As for the arrival by country, the arrival from Finland hit a record high, standing at 27,382 cubic meters. The arrival from Austria exceeded 10,000 cubic meters for 2 consecutive months.

The price of all European lumber products (CIF Port Japan) in May was 33,231 yen per cubic meter, down by 0.6% from 33,436 yen in the previous month. It also down by 2.4% from the previous year. The price remains weak. The price difference between countries, which has been noticeable recently, was apparent again in May. The price of laminated lumber for the structural use was 46,983 yen per cubic meter, down by 0.4% from 47,162 yen in the previous month. It was down by 3.6% from the previous year. The

price declined again as the price of lumber products did. The price difference between countries is not as clear as prices of lumber.

**Statistics**

**Russian Timber News**

The arrival of Russian logs in May were 6,926 cubic meters of larch, 5,793 cubic meters of pine, 629 cubic meters of spruce/fir and 911 cubic meters of hardwood for a total of 14,259 cubic meters. Although not much in quantity, the arrival of all tree types has been seen since the beginning of the year.

As for arrival of lumber products in

May, larch was 1,626 cubic meters. Pine and fir as the major products were 78,135 cubic meters arriving in large quantities to reach nearly 80,000 cubic meters as the previous month. The shortage of supply in the market is supposed to have been improved after large amount of arrival of more than 70,000 cubic meters since the beginning of the year, but the voices to appeal for dissatisfaction with the quality of products received have been heard. Long time users of Russian wood are expecting the arrival of high quality products to which they will say, "This is the Russian red pine."

The arrival of laminated lumber for the structural use was large in April, but the arrival in May decreased to 3,000 cubic meter level for the first time in 6 months to 3,369 cubic meters decreasing 41.6% from the previous month and 25.2% from the previous year.

As for log prices (CIF Japan Port) in May, larch was 14,354 yen per cubic meter, pine was 19,221 yen per cubic meter, spruce/fir was 16,151 yen per cubic meter and hardwood (oak) was 82,797 yen per cubic meter. The price of softwood logs had been low as a whole, but a sign of price increase could be seen with all species excluding larch in May.

As for prices of lumber products, larch was 28,907

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**Imports of European Laminated Lumber by Countries**

unit : cubic meter; %

	Total	FINLAND	AUSTRIA	ROMANIA	ESTONIA	others
2016 YTD	291,958	114,421	48,740	77,404	27,397	23,996
APR	64,286	22,855	11,889	18,479	5,687	5,376
MAY	63,863	27,382	11,673	14,216	6,753	3,839
JUN						
Y/Y	11.2	22.5	21.6	10.7	18.1	-44.4

**Imports of European Lumber by Countries**

unit : cubic meter; %

Softwood Lumber								
	Total	SWEDEN	FINLAND	AUSTRIA	ROMANIA	LATVIA	CZECH	others
2016 YTD	1,171,591	331,547	412,843	165,944	107,908	53,888	41,452	58,009
APR	239,883	73,200	80,101	33,258	22,623	12,191	8,164	10,346
MAY	242,876	63,192	82,297	36,022	21,696	11,563	11,016	17,090
JUN								
Y/Y	11.2	8.3	2.9	34.9	-1.3	16.0	1.1	60.8

**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
2016 APR	33,436	31,151	30,414	39,112	37,480	47,162	48,032	46,522	46,292	47,588
MAY	33,231	30,432	30,760	37,455	38,387	46,983	47,587	46,344	46,266	46,851
JUN										
Y/Y	-2.4	-7.8	-1.4	-0.6	3.1	-3.6	-4.1	-3.6	-2.2	-2.7



**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	
2016 YTD	69,859	37,406	22,138	6,077	4,238	395,310	9,472	383,140	22,085
APR	19,650	12,207	4,939	560	1,944	82,726	2,302	79,775	5,764
MAY	14,259	6,926	5,793	629	911	80,363	1,626	78,135	3,369
JUN									
Y/Y	58.2	118.8	52.6	-58.1	64.4	12.4	6.0	13.4	-25.2

**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	
2016 APR		15,822	18,467	15,488	79,770		27,125	36,287	43,973
MAY		14,354	19,221	16,151	82,797		28,907	36,625	43,489
JUN									
Y/Y		-12.5	-23.8	-2.3	-6.6		-9.2	-5.2	-2.0

yen per cubic meter and pine/fir was 36,625 yen per cubic meter increasing slightly from the previous month after it had gone down gradually since the beginning of the

year.

The price of laminated lumber for the structural use was 43,489 yen per cubic meter decreasing 1.1% from

the previous month and 2.0% from the previous year. It decreased again after ceasing to fall last month.

**Plywood Market 3<sup>rd</sup> Week July**

A sense of tightness in the supply of domestic softwood plywood is getting stronger month by month while the housing start figure is strong, up by 10% from the previous year. Plywood manufacturers' inventory has been down to less than 50% of the inventory volume during the same period of last year, and a sense of shortage for all items including 12mm items continues in areas except Kanto which includes the Greater Tokyo Metropolitan Area. Especially, distributors are trying to make sure that they secure thick plywood before it's too late as there is no replacement item for it. In order to minimize the impact of fire accident at a plywood factory in Akita which occurred in April this year, a major manufacturer group is still operating factories in other areas at full capacity. However, the inventory is slow to increase partly because the demand is strong. In mid-August, factory operation is expected to be suspended so the inspection and maintenance can be done during the Bon holiday vacation, and the product shortage is expected to continue for a while.

As for the imported plywood, the movement of plywood for concrete forming, plywood for the structural use and coated plywood for concrete forming is sluggish even in July, and sales of those items at low prices are found here and there. On the other hand, the arrival continues to fall below the previous year level. And shortages of some of items are becoming clear. As for the conditions in the market, if the movement of products becomes active in future, that is likely to cause a sudden increase in prices or product shortage. However, everybody is taking a wait-and-see attitude. The violent fluctuations in exchange rate are also keeping people from taking actions.

News in Brief

**Nomura Research Institute, Ltd. recently announced its forecast of new housing construction starts from fiscal 2016 to 2030 and the scale of the renovation/remodeling market.** According to the report, new housing construction starts is forecasted to be about 790,000 units in fiscal 2020, about 670,000 units in fiscal 2025, and about 540,000 units in fiscal 2030. On the other hand, the scale of the renovation/remodeling market (price including the cost to purchase interior products and durable consumer goods related to the renovation/remodeling of furniture and others items) is forecasted to remain flat at the 6 trillion yen level annually until 2030 (7.4 trillion yen result in 2014 and 6.5 trillion yen forecast in 2030). For the forecast, the effects of the rise in consumption tax rate (rush-in-demand prior to the tax rate increase and the reactionary decrease), which is scheduled in the future, are not taken into account. Due to the ahead of scheduled start and the postponement of construction following economic trends, the actual amount of housing construction starts and the scale of the renovation/remodeling market are likely to fluctuate. Among new housing construction starts, the results in fiscal 2015 decreased 4.6% compared to the previous fiscal year to 920,000 units. The effects of the rise in consumption tax rate to 8% faded, and various government measures such as the low interest rates for home loans were seen as becoming effective. Due to the decrease in number of households following the low birthrate and the aging population and due to the utilization of existing houses and vacant houses, a decrease in demand for new construction cannot be avoided in the future, so 880,000 units are forecasted for fiscal 2016, and after that, it is expected to gradually decrease.

**Compiled by the Tokai 2x4 Council (12 company members), which is comprised of companies supplying components for houses built under the 2x4 construction method, the processing results of its members for May showed panel processing of 247 homes (11,456 tsubo; 1 tsubo = about 3.3 m<sup>2</sup>) and fixed size shipments of 21 homes (719 tsubo) for a total of 268 homes (12,175 tsubo) falling below the results of the same month last year by 5 homes.** However, because apartments were the main source, the amount exceeded 1,200 tsubo, and the amount of work was seen as greater than last year. The cumulative amount from January to May was 1,368 homes (56,677 tsubo) for panel processing and 122 homes (5,143 tsubo) for fixed size shipments for a total of 1,490 homes (61,820 tsubo), which was 60 homes more than the results of the same period last year. In May, the amount of processing exceeded the results of the same month last year, but because apartment buildings, which have a low unit price, were the main part of the orders, profits were thin. In a report of the conditions of the member companies, one opinion stated, “Building firms distancing themselves from the 2x4 construction method were conspicuous,” so a condition in which work on custom-made-homes could hardly be attained was seen. In addition, the price of plywood and SPF lumber began to rise, so it seems as though the condition in which ensuring profits is difficult will continue for the time being.

**Two areas of Nagoya Castle Honmaru Palace, “Taimenjo” (a reception hall) and “Shimogozensho” (a serving preparation room), were opened to the public.** Taimenjo is composed of 4 rooms: “Jodan-no-ma” (lord’s audience chamber), where the lord would sit, “Tsugi-no-ma” (waiting room), adjoined one-step down to the Jodan-no-ma, and small waiting rooms, No.1 and No.2. The lumber used for the beams, posts, and ceiling was the highest quality cypress wood taken from the pithless timber with no knots. The main characteristic of Taimenjo is the paintings depicting the customs of common people, but the lumber cannot be ignored; the surface with a light reddish tinge and no knots is beautiful, and the valuable lumber, which is rarely seen, will attract the attention of visitors. Shimogozensho is a business-like space, and the surface of the ceiling, floors, and sliding doors is all wood. After visiting Taimenjo, which is encompassed with gorgeous pictures, Shimogozensho may leave a feeling of something lacking, but the lumber that is also used here is solid cypress wood. Boards of over 40 cm in width that are taken from the pithless timber with no knots are lined up for the flooring. Concerning the lumber, an individual from the castle said, “With a single board, you can buy a sub-compact car.”



**Compiled by the Aichi Wooden Housing Precut Council, the amount of precut lumber processing for traditional wooden homes (16 factories) in May was 56,699 tsubo (1 tsubo = about 3.3 m<sup>2</sup>; 1,478 homes) falling under 60,000 tsubo.** The amount slightly increased 1.9% compared to the same month last year, but it greatly decreased 13.1% compared to the previous month. Because of the fewer number of working days due to the long holiday in May of an average year, the processing results slightly fall, but compared to the scheduled amount of processing at the end of April this year, 2 factories showed a decrease of over 1,000 tsubo. Overall, the decrease exceeded 5,000 tsubo. The cumulative amount of processing from January to May was 293,005 tsubo (7,859 homes) increasing 3.5% compared to the same period last year. Due to the reactionary decrease following the rush-in-demand prior to the rise in consumption tax rate, the cumulative amount in the same term last year was sluggish, and this year, due to the lack of orders received, which reflects the depression in construction starts of single-family homes, the cumulative amount shifted to low levels. The amount of processing scheduled for June is expected to be 64,758 tsubo (1,722 homes). The forecast for July is “slight increase” for 1 factory, “unchanged” for 13 factories, “slight decrease” for 1 factory, and “decrease” for 1 factory.

**The Japan LVL Association held its general meeting for fiscal 2016 on June 13 in Tokyo.**

27 people from 9 member companies and 14 supporting member companies attended the meeting, and 4 people from the Forestry Agency came as guests, and high expectations regarding LVL could be felt at the meeting. The association is moving ahead strategically with technological developments of LVL, and it has already succeeded in developing semi-incombustible LVL for interior use. In this fiscal year, the association is scheduled to work on developing fire-resistant structural components and to work on developing fire-resistant columns with the association’s budget being added to support business costs. Currently 5 technological groups are operating in the association: the JAS Revision Committee, Material Preservation Committee, Material Strength Committee, Fire-Proof and Fire-Resistance Committee, and Wood Layer Wall Committee. The number of members is 13 companies as full members and 20 companies as supporting members, and the association is also looking into making “Design and Construction Manual for LVL Buildings” which includes material characteristics of LVL, construction method, fire-proof design, structural design, estimations, and construction.



**On June 14, Yamanishi Asunaro Kai, a group organized of customers of Yamanishi Co., Ltd. (Nagoya City), held its general meeting and lecture event in Nagoya City.**

About 350 people including members and supporting members attended the meeting. In expressing the aims of the association, a representative said, “For this fiscal year, business will move ahead based on the 3 pillars of promoting wood construction and the change to wood construction, preparing for the mandatory change to the energy conservation standards in 2020, and promoting renovation/remodeling and measures for vacant homes. Especially in promoting wood construction and the change to wood construction, plans will be made not only for wood constructed homes but also the change to wood construction for non-housing. Last year, the results showed that orders were received for more than 40 non-housing buildings of over 100 tsubo (1 tsubo = about 3.3 m<sup>2</sup>), and this year up to May, the results are moving smoothly with 70 to 80 orders already received. Even in the 2x4 construction business, orders for large-scale buildings are moving ahead, and in the future, we would like to expand the non-housing field.” Continuing, the representative said, “In this energy conservation era, a change to panels is inevitable. At Yamanishi, we have been moving ahead with preparations to respond to various construction methods for precut lumber, traditional, 2x4, and panels, and we have been expanding the departments responsible for structural calculations and calculations for energy conservation. At trade shows, we can feel the strong interest of customers in lumber. We are aware that we are now in the ‘era of attack’, so we would like to plan for aggressive business developments,” expressing policies for the future.

**The Japan Cross Laminated Timber Association held its annual general meeting of members for fiscal 2016 on June 6 in Tokyo.**

Along with reported items, the business plan and the income and expenditures budget for fiscal 2016 were explained, and items to be resolved were approved as originally proposed at the meeting. Also at the election following the expiration of terms of officers, officers reappointed including Koichiro Nakashima as the chairman and representative director, Makoto Kawai as the managing director, and other directors. The association was established in

January 2012 with 3 member companies. With many lumber groups troubled by a decrease in the number of members, the association is expanding rapidly with 294 member companies as of this May. Concerning this increase, Chairman Nakashima said, “It’s due to the rise in the expectations of the industry towards CLT and to various policies that support CLT,” expressing his gratitude. Because a series of notices concerning CLT came out in March and April, the association will make a handbook regarding the notices and a design and construction manual as well as hold workshops concerning these techniques in the business plan for fiscal 2016. Also over 100 people came to tour and inspect the Tsukuba CLT Experimental Building (CoCo CLT), which was completed in March of this year, and with interest in CLT growing further, using the experimental building for educational activities will be examined. Issues are expected to arise following actual construction using CLT, so the association will move ahead with creating a system that can respond to these problems in detail and with technological developments.

**The Japan 2x4 Home Builders Association held its annual general meeting of members for fiscal 2016 on June 16 in Tokyo.** After the meeting, a press conference was held, and the business plan for the new fiscal year was explained to members of the mass media. At the start, Toshihide Ichikawa, the chairman of the association, said with pleasure, “The association is welcoming its 40<sup>th</sup> anniversary of establishment, and homes constructed with the 2x4 method have exceeded 2.5 million units. The percentage of 2x4 constructed homes, which accounted for 5.3% of housing construction starts 20 years ago, has increased to 12.3% after 40 years, so 2x4 constructed housing has firmly established itself in the Japanese housing market.” This year, the association will work on the following three points: 1) rationalize the specifications of the 2x4 construction method and improve fire-resistance performance, 2) expand the awareness

and knowledge of 2x4 construction technology to large-scale construction projects such as social welfare facilities and retail stores, and 3) contribute to the prevention of global warming by using lumber, especially putting effort into regional lumber. Last year in Tsukuba City, Ibaraki Prefecture, the Two-by-Four, Six Story, Full-Scale Experimental Building was constructed, and various experiments were begun. In addition to preparing the results of these experiments, preparations will also be made for necessary guidelines for the change to high-rise, wood constructed buildings and for design and construction standards for 2 hour, fire-resistant structures and high strength, load-bearing walls, and the plan is to carry out these items in the future.



**Nippon Paper Industries Co., Ltd. (Tokyo) recently announced that it has made an agreement with Weyerhaeuser Company,** which is one of the leading comprehensive forest products company in the world: **the consolidated subsidiary company that will be established in the United States by Nippon Paper Industries will purchase the business of base paper for paper liquid container in Washington State within the cellulose fibers department of Weyerhaeuser.** The completion of the business acquisition is targeted for this September. With the main themes of “enhancing competitiveness of existing businesses” and “transforming the business structure” in its “5<sup>th</sup> Midterm Business Plan (Fiscal Year 2015 – 2017)”, Nippon Paper Industries is currently moving ahead with reallocating management resources to growth areas and expanding the packaging business as one of the businesses showing promise in the future. By making this business acquisition, the company can ensure an integrated production system from base paper to processing in its paper-pack business, and it can provide further added value to customers. Also by acquiring a new production and sales base in North America, the company can take the opportunity to expand business in the North American market as well as expand sales in Asian markets by taking advantage of locations along the Pacific Coast.

**The Japan Acoustic and Laminated Flooring Manufacturers Association held its general meeting for fiscal 2016 on June 14 at Tokyo Kaikan in Hamamatsucho, Tokyo.** In the election of officers, Masahito Daido, (president and CEO of Eidai Co., Ltd.) resigned as chairman after 4 years since the unification of the Japan Laminated Flooring Manufacturers Association and the Japan Acoustic Flooring Manufacturers Association. Tetsuya Kaibori, president and CEO of Asahi Woodtec Corporation, was elected as the new chairman. According to the association, the amount of production of laminated flooring in 2015 was 30,483,000 m<sup>2</sup> for natural wood decorative flooring and 34,502,000 m<sup>2</sup> for special processing decorative flooring for a total of 64,985,000 m<sup>2</sup> (4% decrease compared to the previous year), and continuing from the previous year, special processing decorative flooring exceeded natural wood decorative flooring.

The share of domestic wood base layer for flooring occupying laminated flooring rose from 3% in fiscal 2014 to 6% in fiscal 2015. With new construction starts for condominiums-built-for-sale increasing from 100,000 units in 2014 to 115,000 units in 2015, the amount of production of direct sticking acoustic flooring, which is used in condominiums, was 6,777,000 m<sup>2</sup> (3% decrease) in 2015. LL45 products, which excel in sound insulation performance, were well received by consumers, and in 2015, its share reached 80%.

**Japan DIY Industry Association held the briefing for the JAPAN DIY HOMECENTER SHOW 2016 for media people on July 5 in Tokyo.**

With last year's 51<sup>th</sup> show ending in success, the show has already attracted more than 600 million visitors. Many companies use this show so that they get a toehold in the home center business. Under the theme of "Let's DIY: The Joy of Creating, the Joy of Improvement", the show will be held for three days from 25 August to 27 August at Makuhari Messe International Exhibition Halls in Chiba Prefecture. At the briefing, Toshiyuki Inaba, the chairman of the association announced that the number of exhibiting companies and the number of booths



they would use (469 companies; 1,046 booths) this year exceeded those of last year. Within the number, 139 exhibiting companies are overseas companies in 13 countries. Unique events such as *HOMECENTER TRADE II*, which is popular among exhibitors, and *Buyers' Booth Tour* are ready to be offered. Talking about his enthusiasm on the show, Mr. Takeda, the chairman of the show's executive committee, said, "We have various workshops in which parents and children can have a DIY experience. This year, the target is to attract 120,000 visitors."

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