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Symposium hosted by the Austrian Embassy



Austrian Embassy Commercial Section hosted a symposium titled “Wood - The world’s Most Advanced Building Material” to introduce Austrian cross laminated timber (CLT) at ANA Intercontinental Hotel in Akasaka, Tokyo on September 7. Cooperated with the Association of the Austrian Wood Industries and supported by The Japan Institute of Architects, the symposium had over 160 attendees from building companies, building materials manufacturers, architect’s offices, consulting firms, building machinery manufacturers, government offices, and research institutions.

Japan has better conditions for more construction of middle- and high-story wooden buildings using CLT now, as the revised Building Standards Act has been enforced since June this year. On the other hand, Austria is an “advanced nation in CLT” which has been developing it since

the 1980s and sharing around 80% of the worldwide production of CLT (650,000 cubic meters in 2015) currently. The symposium presented keynote speeches based on the country’s experience and business results over 30 years, and introduced nine companies engaging in the CLT business.

Following addresses by Ingomar Lochschmidt, Commercial Counsellor of Austrian Embassy Commercial Section and Masaharu Rokushika, Chairman of The Japan Institute of Architects, the symposium presented the keynote speeches part 1: “Building Style Using CLT” by Simon Speigner, an architect, and “Issues and Possibilities for More Usage of CLT in Japan” by Naoto Ando, a professor emeritus at the University of Tokyo. Mr. Speigner stated that buildings using CLT could bring out the best in the tradition of wooden construction and ecology together, introducing a large house consisting of 92 units and a nursing home with 144 beds for the elderly, of which pre-made modules of rooms were assembled on site.

The keynote speeches part 2 had two lectures: “Aseismic Design in CLT” by Georg Flatscher from University of Graz and “Fireproof Design in CLT” by Martin Teibinger from Holzforschung Austria. Mr. Flatscher pointed

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Hot Topic:

A prompt report on “2015 Woody Biomass Energy Usage Trend Survey” says that 7,190,000 tons of wooden chips were used as energy in 2015.

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out that CLT is quite strong against earthquakes, and the resistance of the buildings with CLT to quakes depends a lot on their joint systems. He expects further development of more suitable joint systems in the future. Mr. Teibinger told that it is more important how to use fireproof materials in the whole buildings, rather than the materials themselves. He also said CLT has sufficient fireproof performance on the basis of the test results.

Also held after the symposium were a press lunch meeting, to which people in the press were invited, and individual sessions between Austrian companies, who joined the symposium, and Japanese companies. The following are nine businesses participated in the symposium from Austria: HASSLACHER NORICA TIMBER, KLM Massivholz GmbH, Mayr-Melnhof Holz Holding AG, JGrabner GmbH, Stora Enso Wood Products GmbH, Rotho Blaas GmbH, Schmid Schrauben Hainfeld GmbH, SHERPA Connection Systems GmbH, and Würth Handels GmbH.

Data:

Woody biomass energy usage in 2015

Forestry Agency has released a prompt report on “2015 Woody Biomass Energy Usage Trend Survey”. It says that 7,190,000 tons (equivalent to 15,810,000 cubic meters of logs) of wooden chips were used as energy in 2015.

Among the inquired 1,362 bodies across Japan, 1,294 have answered (95%). Here, “woody biomass” means the biomass (organic substances derived from plant and animals) originating from wood,

specifically, wood chips, wood pellets, firewood, sawdust and etc.

In the woody biomass which was used in 2015, 7,190,000 tons of wood chips were used as energy. Out of them, 1,230,000 tons (17.1%) are derived from thinned wood and mountain residue. According to the agency’s research, the quantity was 730,000 tons in 2014. Compared with the year, the usage in 2015 has increased by about 17%.

Construction waste (demolition and waste material) was 4,310,000 tons accounting for 60% of the total woody biomass. The share of lumbering waste was 21.2% (1,520,000 tons). Other than those, 120,000 tons were derived from trimmed twigs. The usages of imported chips and chips manufactured in Japan using imported logs were both nil.

Looking at the volumes of wooden chips derived from thinned wood and mountain residue based on prefecture, Miyazaki stands first with 180,000 tons (equivalent to 400,000 cubic meters of logs). The followers are Gifu with 110,000 tons (250,000 cubic meters), Shimane with 90,000 tons (200,000 cubic meters), Kochi and Hokkaido with 70,000 tons each (160,000 cubic meters each), and Fukushima with 70,000 tons (150,000 cubic meters).

Forecast:

Forecast of construction investment

On August 30, the Research Institute of Construction and Economy (RICE) and the Economic Research Association released to the public the “Forecast of Construction Investment

Based on the Construction Economy Model (August 2016)”.

Within the report, the amount of new housing construction starts for the 2016 fiscal year (April 2016 to March 2017) is expected to increase 1.9% compared to the previous fiscal year to 938,000 units, and the amount for fiscal 2017 is expected to decrease 1.8% compared to the forecast in the previous fiscal to 921,000 units.

Because the rise in consumption tax rate to 10% was postponed until October 2019, a rush-in-demand and the reactionary decrease will not take place, and the outlook conjectured that factors such as the effects of measures to reduce the inheritance tax, the reduction in loan interest rates, and construction costs remaining high will have an effect on construction starts.

Looking at the forecast for the amount of construction starts based on type of housing, owner-occupied homes in fiscal 2016 are expected to increase compared to the previous fiscal year due to the preliminary figures for the number of orders received by the 5 major companies of custom-made homes shifting to a bullish tone. Fiscal 2017 is also seen as having a backwind coming from low interest rates and as shifting stably, so owner-occupied homes are expected to increase 2.2% to 291,000 units in fiscal 2016 and to be 294,000 units in fiscal 2017.

Among rental homes, the results for the term April to June 2016 increased 11% compared to the same period last year, and the preliminary figures for the number of orders received by the 3 major companies of rental housing are maintaining a good condition. Due to the positive factors such as the effects of measures to reduce the inheritance tax and low

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interest rates, rental homes in fiscal 2016 are expected to increase 4.3% compared to the previous fiscal year to about 400,000 units. On the other hand, construction starts are seen as heading for a decrease especially due to measures to reduce the inheritance tax in fiscal 2017, so the increase, which has continued for a while, will end, and it is expected to decrease 3.4% to 387,000 units.

Among homes-built-for-sale, condominiums were sluggish decreasing 8.5% in the April to June period. Sales conditions in the Tokyo metropolitan area and the Kinki region will be poor due to the sudden increase in prices coming from construction costs remaining high, and because the effects are also seen as occurring with the amount of construction starts, it is expected to decrease 4.7% to 115,000 units in fiscal 2016. In fiscal 2017, it is expected to decrease 4.8% to 109,000 units because prices are seen as continuing to remain high.

In addition, single-family homes-

built-for-sale have a backwind coming from low interest rates, but because problems such as securing land for construction are still lingering, the amount of construction starts is seen as increasing 0.3% to 127,000 units in fiscal 2016 and decreasing 1.2% to 125,000 units in fiscal 2017 remaining almost flat.

Overall for homes-built-for-sale, the amount of construction starts is expected to decrease 2.1% to 241,000 units in fiscal 2016 and 2.9% to 234,000 units in fiscal 2017.

Wholesalers' view

Southsea timber market

According to the document released by the Japan Southsea Lumber Conference, in Indonesia that is a producing area, plywood factories are struggling to collect Meranti logs. People are concerned that there may be a difficulty in the production of products (plywood) in future. As for the plywood, struggle between the Japanese buyers who want to keep

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FOB of Southsea Logs

(US\$ per cubic meter)

	2015		2016		
	Highest	Lowest	August	September	October
			1st Week	1st Week	1st Week
Sarawak Logs					
Meranti SQ-up	300-304	275-279	281-285	282-286	282-286
Meranti Small (Small 70%, S.S. 30%)	255-259	237-241	233-237	241-245	244-248
Ocean Freight					
Sarawak	54.8	54.0	52.8	54.8	55.0
Yen/US\$	-	-	103.0	102.1	102.3

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

Imports of Southsea Logs by Origin

(1,000 cubic meter)

	Southsea Logs				
	Import				
	Total	Sabah	SRWK	Slmn.	PNG
2012	332.7	121.1	255.5	18.5	115.8
2013	292.2	63.8	180.7	21.3	67.0
2014	265.9	86.4	143.5	4.5	55.8
2015	243.4	98.8	89.7	18.8	36.0
2016 YTD	130.7	61.3	43.3	5.1	21.2
Jan.	15.5	7.7	7.7	-	-
Feb.	22.0	6.2	9.8	-	5.9
Mar.	12.3	6.7	0.9	2.4	2.3
Apr.	16.2	11.8	4.4	-	-
May	22.3	11.6	8.0	-	2.8
June	4.4	0.6	3.5	0.3	-
July	22.5	9.9	6.6	2.4	3.6
Aug.	15.6	6.7	2.4	-	6.5
Sep.					
Oct.					
Nov.					
Dec.					

Supply/Demand of Southsea Logs

(1,000 cubic meter)

	Southsea Logs				
	Import	Demand		Stock	
	Total	Total	for PW	for Lbr	
2012	332.7	509.1	402.4	106.8	140.1
2013	292.2	375.8	299.7	76.1	97.0
2014	265.9	304.5	214.7	89.8	74.4
2015	243.4	248.1	190.3	57.9	69.7
2016 YTD	130.7	138.9	108.3	30.6	
Jan.	15.5	21.4	16.5	4.9	63.7
Feb.	22.0	22.5	17.5	5.0	63.2
Mar.	12.3	19.2	12.7	6.5	56.3
Apr.	16.2	13.5	10.8	2.7	59.0
May	22.3	18.9	16.5	2.3	62.4
June	4.4	18.7	15.5	3.2	48.1
July	22.5	13.7	10.6	3.1	56.9
Aug.	15.6	11.1	8.1	2.9	61.5
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
2016 August												
<i>China</i>	16,197	127,636	-3.9	969	4,344	-9.8	5,233	38,505	-3.3	9,995	84,787	-3.8
<i>Malaysia</i>	4,542	49,087	-17.2	3,177	31,023	-13.4	1,115	15,337	-22.1	250	2,727	-27.2
<i>Indonesia</i>	10,751	104,017	4.0	1,356	13,000	18.0	2,979	27,796	12.0	6,416	63,221	-1.4
<i>Vietnam</i>	4,035	27,498	5.7	319	1,911	34.2	716	5,746	-13.9	3,000	19,841	10.7
<i>Philippines</i>	1,819	13,620	24.6	885	6,021	22.5	255	2,213	-13.8	679	5,386	56.2

prices unchanged and local suppliers who want to increase prices somehow is growing intense. Suppliers want to improve profitability that declined due to the labor cost that continues to increase as much as possible. However, buyers insist that prices should remain unchanged, citing sluggish conditions in the domestic market. The gap between the both parties is wide. If there is no change in the current situation, suppliers are likely to accelerate their efforts to shift their supplies to markets other than Japan. Now, Japanese buyers are required to take action in terms of policies.

In Sarawak, Malaysia, the western part is hit by squall in the evening, but in the eastern part and also in Sabah, the rainfall is low. The issue of haze which was serious last year has not occurred so far this year. Prices of logs in Sarawak remain high. However, as the contract volume for plywood factories is declining due to the global slowdown in the sales of plywood, there is no sense of shortage in the supply of logs. Buyers from India are buying logs in Papua New Guinea and Solomon, and inquiries for Sarawak timber are steady.

It is difficult for plywood factories in Malaysia to make profits due to the prices of logs that remain high and the increase in the minimum

wages. They are trying to increase product prices, but prices are slow to increase. In order to stay in business, factories continue to try different methods such as a cut in the production volume, reduction in manpower or operating hours or shift in the raw materials from logs to veneer. Suppliers proceed with a shift from the products for Japan to products for other countries, and the products for the Middle East continue to be selling well.

The arrival of Southsea logs in August was 15,613 cubic meters. As for the breakdown, the arrival from Sabah (6,690 cubic meters) and Papua New Guinea (6,543 cubic meters) accounted for the majority. The arrival from Sarawak (2,380 cubic meters) remained low. There was no arrival from Solomon. The shipment was 11,087 cubic meters with the inventory at the end of August increasing rapidly to 61,475 cubic meters or 3.88 months.

The actual import of Southsea lumber products in August was 6,970 cubic meters for lumber (down by 2.5% from the same month in the previous year), 10,446 cubic meters for processed lumber (down by 5.6% from the same month in the previous year) and 21,046 cubic meters for free boards (down by 0.8% from the same month in the previous year). The total was 38,462 cubic meters

(down by 2.5% from the same month in the previous year). The actual arrival of lumber, processed lumber and free boards for the period from January through August was 330,226 cubic meters.

Housing data:

Housing Starts in August

According to a report released by the Ministry of Land, infrastructure, Transport and Tourism on September 30th, Japan's housing starts in August were 82,242 units (up 2.5% from the same month in the previous year), surpassing the previous year's results for two consecutive months. However, the results decreased by 3.5% from the previous month, and the seasonally-adjusted annual rate was 956,000 units (down 4.9% from the previous month), which is below 1,000,000 units for the first time in four months.

Looking at the results of August by owner/occupant, housing starts of owner-occupied houses were 26,341 units (up 4.3% from the same month of the previous year), remaining solid. Those of built-for-sale houses

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p.c.m=per cubic meter

Japanese market Indications				
	2015	2016		
	Oct	Sep	Oct	
North American	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Hemlock Coast No.3, 12" up	23,400	21,600	21,600	p.c.m
Douglas Fir SS No.3, 12" up	28,800	26,280	26,280	"
Douglas Fir Coast No.3, 12" up	26,640	25,200	25,200	"
Douglas Fir mid-dia., 8/11, J-sort	24,840	22,320	22,320	"
<i>Lumber</i>				
Hemlock 105mm sq., roof beam, std.	52,000	51,000	51,000	p.c.m
Hemlock 105mm sq., roof beam, KD	59,000	56,000	56,000	"
Hemlock 90mm sq., purlin, std.	52,000	51,000	51,000	"
Hemlock 90mm sq., purlin, KD	59,000	56,000	56,000	"
Hemlock 45x105mm, KD, floor joist, 4m	50,000	50,000	50,000	"
Hemlock 105mm sq., preserved sill, 4m	54,000	54,000	54,000	"
Douglas Fir 90mm sq., purlin, KD	58,000	57,000	57,000	"
Douglas Fir 45x45mm, KD, rafter, 4m	54,000	53,000	53,000	"
Douglas Fir 45x105mm, solid, KD, floor joist, 4m	55,000	54,000	54,000	"
Douglas Fir 120mm sq., laminated, 6m	124,000	123,000	120,000	"
Douglas Fir hirakaku, KD, 3, 4m	54,000	53,000	53,000	"
Douglas Fir hirakaku, laminated, 3, 4m	124,000	123,000	120,000	"
Yellow Cedar 5" x 6W BC Clear	150,000	150,000	150,000	"
* Yellow Cedar 120mm, sill (pithless), 4m	63,000	64,000	64,000	"
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	1,850	1,900	1,900	per piece
Whitewood 105mm sq., 5-ply kudabashira, imported	1,850	1,900	1,900	"
Whitewood 27x105mm, solid, 3m, Central	52,000	51,000	50,000	p.c.m
Whitewood 27x105mm, solid, 3m, Nordic	52,000	51,000	50,000	"
Whitewood 30x105mm, solid, 3m, Central	52,000	51,000	50,000	"
Whitewood 30x105mm, solid, 3m, Nordic	52,000	51,000	50,000	"
Whitewood rough lamina, random length, Central	40,000	35,000	35,000	"
Whitewood rough lamina, random length, Nordic	41,000	35,000	35,000	"
Redwood hirakaku, laminated, 3~6m	58,000	58,000	58,000	"
Dimension Lumber	(Yen; wholesale prices, on truck; green count)			
SPF 2x4~8", KD 10~20' J-grade	41,250	43,500	47,500	p.c.m
SPF 2x10", KD 10~20' J-grade	47,250	49,500	52,500	"
Whitewood 2x4~8", KD 10~16' J-grade	45,500	47,750	49,750	"
Whitewood 2x10", KD 10~16' J-grade	50,500	52,750	54,750	"
Japanese	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Japanese Cedar (Akita) 3.65-4m, 14-22cm dia.	10,100	9,700	9,800	p.c.m
Japanese Cedar (Fukushima) 3.65-4m, 14-22cm dia.	9,900	9,700	9,800	"
Japanese Cypress (Gifu) 3.65-4m, 14-22cm dia.	18,000	15,900	15,800	"

*Since May 2015, lumber has been switched to another with different grade type, which has a large trading volume.

Japanese Market Indications				
	2015	2016		
	Oct	Sep	Oct	
Japanese	(Yen; wholesale prices, on truck)			
<i>Lumber</i>				
Japanese Cedar post 10.5cm sq., 3m	57,700	57,200	57,200	p.c.m
Japanese Cedar post 10.5cm sq., 3m KD	64,200	65,100	65,200	"
Japanese Cedar roof beam 10.5cm sq., 3.65-4m	52,400	52,200	52,200	"
Japanese Cypress post 10.5cm sq., 3m	77,800	79,100	79,200	"
Japanese Cypress post 10.5cm sq., 3m, KD	82,100	82,500	83,000	"
Japanese Cedar kowari lumber (Akita)	240	240	240	per piece
Japanese Cedar 2.7 x 10.5cm, KD (Kyushu)	54,000	53,000	54,000	p.c.m
Russian	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Whitewood mid-dia., short-length in Toyama market	6,000	5,000	5,000	per koku
Larch mid-dia., short-length in Toyama market	5,300	4,800	4,800	"
Red Pine mid-dia., short-length in Toyama market	6,800	6,000	6,000	"
<i>Lumber</i>				
* Whitewood rafter in Chukyo market, Green	50,000	-	-	p.c.m
Whitewood rafter in Chukyo market, KD	63,000	60,000	60,000	"
Whitewood rail in Chukyo market	51,000	48,000	48,000	"
Radiata Pine	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
New Zealand, A-sort	4,600	3,900	3,800	per koku
<i>Lumber</i>				
board, Chile				
12.0mm x 4m, random width (120,150, 180, 210mm)	38,000	34,500	34,500	p.c.m
Southsea	(Yen; wholesale prices, on truck)			
<i>Logs for plywood</i>				
Meranti (Hill SRWK) ordinary lot	12,200	12,030	12,070	per koku
Meranti (Hill SRWK) small lot	10,300	9,500	9,500	"
Kapur (SRWK)	14,600	13,000	13,500	"
Plywood	(Yen; wholesale prices, on truck)			
Type II 2.3mm x 910 x 1820, F4-star	560	560	560	per sheet
Type II 4.0mm x 910 x 1820, F4-star	730	740	740	"
Type II 5.5mm x 910 x 1820, F4-star	860	870	870	"
Concrete form (CF) Type I 12.0mm x 900 x 1800	1,400	1,200	1,170	"
Imported CF JAS 12.0mm x 900 x 1800	1,450	1,250	1,250	"
Imported structural PW JAS 12.0mm x 910 x 1820, F4-star	1,500	1,250	1,250	"
Structural Softwood PW 12.0mm x 910 x 1820, F4-star	950	1,030	1,050	"
Structural Softwood PW 24.0mm x 910 x 1820, F4-star	2,200	2,400	2,440	"
OSB	(Yen; wholesale prices, on truck)			
JAS 9.5mm x 910 x 2440	870	780	760	per sheet
JAS 12.0mm x 910 x 1820	790	780	740	"

*The price has not been announced since March 2016 due to end of the distribution in the market.

the same period of the previous year.

By structure, housing starts of wooden houses were 48,717 units (up 7.9%), and the ratio of wooden houses by the number of units was 59.2%.

increase compared to the same month last year), and the import amounts based on country showed Malaysia with 84,920 m³ (4.4% decrease), Indonesia with 57,593 m³ (28.9% increase), and China with 51,943 m³ (6.2% decrease). The results of the same month last year had an increase for the 4 consecutive month, but compared to the previous month, the results had a 13.2% decrease. Due to the stagnation in demand in Japan and the decline in the willingness to make shipments from the producing regions, the amount of plywood received in August continued to be squeezed to a decreasing trend. The value of plywood imports (CIF price) in August was 10.63077 billion yen (21.6% decrease) decreasing for the

10th consecutive month due to the rising yen in the exchange rate.

According to Plywood Statistics compiled by the Statistics Department of the Ministry of Agriculture, Forestry and Fisheries, the amount of production of regular plywood in August was 242,771 m³ (13.5% increase compared to the same month last year), the amount of shipments was 253,260 m³ (6.8% increase), and the amount of stocks at the end of the month was 131,397 m³ (36.2% decrease). Accounting for a majority of the regular plywood, the amount of softwood plywood production was 229,949 m³ (15.8% increase compared to the same month last year), the amount of shipments

was 238,914 m³ (7.4% increase), and the amount of production exceeded the results of the same month in the previous year for the 13th consecutive month, but concerning shipments, orders from major house manufacturers and pre-cut lumber factories are going smoothly, so a shortage of products is progressing in the market. Among the shipments, the amount allotted for wooden fittings and fixtures was low, so prior to

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Statistics

Plywood supply in August

Compiled by the Japan Plywood Manufacturers' Association from the Ministry of Finance's Trade Statistics, the amount of imported plywood in August was 209,358 m³ (2%

Amount of Imported Plywood by Countries

	Overall Amount of Imported Plywood												m ³ ; %		
	Malaysia		Indonesia		China		New Zealand		Taiwan						
	y/y		y/y		y/y		y/y		y/y		y/y				
2016															
JUL	241,190	3.6	95,732	17.9	78,308	-6.9	51,844	-5.4	2,207	135.5	60	-92.7			
AUG	209,358	2.0	84,920	-4.4	57,593	28.9	51,943	-6.2	2,122	-13.2	48	-93.4			
SEP															
YTD	1,844,026	-4.4	741,198	-7.5	587,241	3.9	403,824	-9.3	15,871	-2.6	5,064	-39.2			

Supply and Demand of Softwood Plywood

	Domestic Production								Shipment		Inventory		m ³ ; %	
	*6mm & below		6-12mm		*12-24mm		*24mm & over							
	y/y		y/y		y/y		y/y		y/y		y/y			
2016														
JUL	246,758	23.6	1,760	-	33,562	-	114,158	-	97,278	-	250,062	-1.0	106,949	-42.6
AUG	229,949	15.8	1,909	-	31,184	-	106,012	-	90,844	-	238,914	7.4	96,642	-40.6
SEP														
YTD	1,903,497	13.3	13,880	-	260,105	-	917,754	-	711,758	-	1,934,556	10.9	-	-

*The items have been changed since January 2016.

Supply and Demand of Regular Plywood

	Domestic Production								Shipment		Inventory		Imports		Total Supply in Japan		m ³ ; %	
	*6mm & below		6-12mm		*12-24mm		*24mm & over											
	y/y		y/y		y/y		y/y		y/y		y/y		y/y					
2016																		
JUL	260,754	21.0	6,571	-	35,714	-	120,326	-	98,143	-	265,754	-0.8	142,274	-38.0	241,190	3.6	501,944	11.9
AUG	242,771	13.5	6,113	-	33,314	-	111,580	-	91,764	-	253,260	6.8	131,397	-36.2	209,358	2.0	452,129	7.9
SEP																		
YTD	2,018,406	12.3	50,687	-	279,784	-	968,562	-	719,373	-	2,051,606	10.3	-	-	1,844,026	-4.4	3,862,432	3.6

*The items have been changed since January 2016.

the autumn construction season, a feeling of anxiety is spreading among general building firms.

The amount of plywood exports in August was 8,464 m³ (65.2% increase), and the amount for the Philippines was 7,972 m³ (72.4%

increase) accounting for 94.2% of the total.

Canadian SPF Dimension Lumber

The import prices of Canadian SPF dimension lumber in early October were \$470/mfbm for 2x4, 2x6 and 2x8 items and \$560/mfbm for 2x10, down by 10 dollars from the previous month. However, the decline is mainly due to the price adjustment and does not reflect the market trend. On the contrary, in local areas, prices of timber products are on the rise overall, and it is believed that import prices of dimension lumber for Japan are likely to go up in future due to several factors. Importers are advised by their local agencies to purchase dimension lumber ahead of time.

The movement of domestic dimension lumber is very active. The housing start figure for 2x4 houses in August that was announced recently was 11,104 units, up by 11.7% from the same month in the previous year, and remained strong, exceeding 10,000 units. The breakdown of the housing start figure, 11,104 units, was 3,110 units for owner-occupied houses, 6,877 units for rental houses, 1,086 units for houses built for sale and 31 units for others. Rental houses have been leading the market. The demand for non-residential buildings also started increasing in autumn.

Also, the sales of dimension lumber at home improvement centers are steady recently. People who enjoy DIY activities purchase dimension lumber that is not expensive and easy to process. DIY has been becoming increasingly popular especially among women for the past few years.

Plywood Market 1st Week October

Led by the largest manufacturer, manufacturers are announcing the increase in prices of domestic softwood plywood in October. However, the rate of the increase in prices is minor across the board, and manufacturers are clearly employing cautious strategies. "In the past, when the market was active, plywood manufacturers used to increase prices by more than 100 yen per piece in a forceful manner. However, things are different this time," says a plywood wholesaler. If manufacturers continue to maintain the current cautious approach, the modest increase in prices led by manufacturers and the product shortage are expected to continue for more than 6 months.

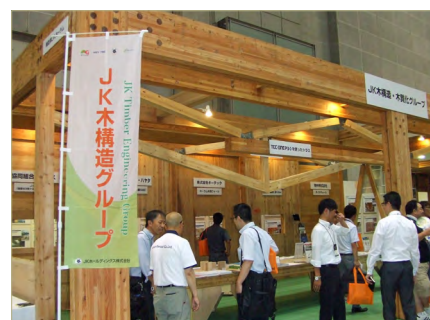
While the production fails to keep pace with the shipment, the amount of shipment for the distribution route is slow to improve. The demand from major housing manufacturers tends to start increasing in October every year, and there is a concern that the supply for the general distribution route may decline further. The inventory of softwood plywood at the end of August that was recently announced fell below 100,000 cubic meters and amounted to 97,000 cubic meters.

As for the imported plywood, sales of inventory items by trading companies and wholesalers of construction materials who had the account settlement scheduled at the end of September caused price disruption in the market. However, in October, the upstream is refraining from taking orders at low prices, and the market situation is growing slightly firmer. Prices of 12mm lauan plywood for the structural use whose price continued to decline are getting close to prices of domestic softwood plywood considerably, but there has been no sign of recovery in the demand for the imported items so far. The upstream is struggling to clear costly inventory items and is not willing to make new import contracts.

News in Brief

Sumitomo Forestry Co., Ltd. (Tokyo) began use of its original 1-hour fire-resistant wood material for structural use named “Ki-Gurumi CT”, which has obtained a ministry’s certification, and the company is moving ahead with its use in mid to large-scale, wood constructed buildings. Ki-Gurumi CT differs from general fire-resistant wood material for structural use in that it can suppress deformation and vibrations of buildings that occur during earthquakes because the fire-resistant covering material functions as a structural material. By using material in general distribution as fire-resistant covering material and structural factor, the cost can be held down to about half compared to fire-resistant structural material with an existing wood finish. In addition in order to combine small dimension material, it can be processed at factories that manufacture columns and beams for housing, so it is possible for building firms nationwide to use it for construction. The plan of the company is first to move ahead with its use in orders received for mid-to-large-scale, wood constructed buildings and to carry out external sales of the structural material, which includes technical instructions and support through the company’s lumber and construction materials business department.

Sponsored by Japan Kenzai Co., Ltd., the 36th Japan Kenzai Fair was held with a slogan of “The way of housing & living – Road to 2020” on August 26 and 27 at Tokyo Big Sight. With close to 200 manufacturing companies, both large and small, setting up exhibits, visitors were introduced to new products and information that may give clues to how the housing industry will change leading to 2020, which is seen as a critical juncture due to a variety of factors. Related to lumber used for wood constructed housing and the change to wood construction for non-housing buildings, booths that offered information such as construction methods and how to choose and use material stood out. Seminars with themes such as “design and construction of non-housing wood constructed architecture”, “introduction to mid to large scale, wood constructed buildings in foreign countries”, and “the current state of CLT” as well as a seminar concerning certified lumber that has attracted attention for its use in facilities for the Tokyo Olympic Games were held. The number of visitors to the fair was 25,084, and sales for the 2 days totaled 52.7 billion yen exceeding the projected amount of 52.0 billion yen. Sales related to the main field of plywood and lumber were sluggish, but Japan Kenzai’s original brand called “Bulls” had sales of 2.98068 billion yen rising to 103.1% compared to last year.



On August 31, the Japan Wooden Housing Industry Association (Nihon Mokuzo Jutaku Sangyo Kyokai in Japanese) held a briefing session for the mass media concerning “Analysis of Japan Wooden Housing Industry Association’s Independent Statistics and Construction Starts Statistics for Fiscal 2015” and activities of the association’s departments. In the statistics taken within the association, the amount of housing construction starts of the member companies greatly increased to 105.1% of that of the previous year to 92,439 units with single-family, wooden homes increasing by 3,530 units compared to the previous year to 88,489 units and apartments and condominiums increasing by 985 units compared to the previous year to 3,950 units. Within the amount of construction starts for single-family, wooden homes nationwide, the share held by the member companies of the association was 19.8% reaching its highest percentage ever. Also in the statistics, the amount of construction starts of single-family homes complying with the 2013 Energy-Saving Standards (53,714 units) dramatically expanded by 310.2% compared to the previous year, and the percentage of construction starts of homes complying with the standards rapidly increased to 60.7%. Concerning the ministry certification for 2-hour fire resistant, wooden structures, which is an important part of the work of the association, the components that have received the ministry certification are exterior walls, partition walls, columns, and flooring, and beams are scheduled to undergo evaluation testing from this November. The association also reported that within this fiscal year, it is preparing a design manual for 2-hour fire resistant structures and that it working to start provisions on the next generation of 2-hour fire resistant, wooden structures after all conditions have been met.

With the Cabinet approving the second supplementary budget draft for fiscal 2016 on August 24, the Ministry of Land, Infrastructure, Transport and Tourism was appropriated a total of 1.2257 trillion yen. The ministry will work on various projects that move ahead with the “Economic Stimulus Package for Realizing Investment for the Future” that was approved by the Cabinet. In order to “accelerate efforts to build a society in which all citizens are dynamically engaged,” 30.5 billion yen was allocated for necessary expenditures for the revitalization of the market for the distribution and remodeling/renovation of existing homes. Support will be given to attaining good quality, previously owned homes, renovating homes for energy-savings and earthquake-resistance, and reconstructing existing homes for energy-saving homes. Among “support for local communities,” 25.2 billion yen was allocated for expenditures needed for the development of life-supporting infrastructure and for the promotion of regions with unfavorable conditions. Within this amount, 371.0 million yen was allotted for construction methods that use wood construction material such as CLT in order to create new demand for lumber, and in order to stimulate the introduction of this measure as well as fully implement and spread its use, support will be given to experimental buildings that test the construction and livability of buildings. For the “Reconstruction from the Kumamoto Earthquake and the Great East Japan Earthquake; ensuring safety and security and disaster prevention,” 787.2 billion yen was allocated for the reinforcement of disaster response and response to old infrastructure and ensuring safety and security. In addition, about 31.5 billion yen was allocated for expenses needed for subsidized devices for “house benefits”.

I-N-Y Inc. (Nagoya City) held a meeting on August 24 in Nagoya City to announce its policy with about 160 people from construction material manufacturers, trading firms, and affiliated companies attending. I-N-Y Inc. was established 18 years ago with the gathering of Yamanishi Co., Ltd. (Nagoya City), Ishihara Co., Ltd. (Toyohashi City, Aichi Prefecture), Nanyo Co., Ltd (Takaoka City, Toyama Prefecture), and Takakatsu Co., Ltd (Osaki City, Miyagi Prefecture), 4 leading companies involved in the distribution, processing, and sales of construction material for housing, with the aim of mutual development by conducting a business alliance with cooperative procurement, information exchange, training, and development. I-N-Y Inc. had sales of 1.5 billion yen, and total sales of the 4 allied companies amounted to 52.7 billion yen with 1,200 employees continuing with a steady growth. Yoichi Nishigaki (president of Yamanishi Co., Ltd.), who became the third president of I-N-Y Inc., said, “This company is not simply for social gatherings; it is working hard as group of companies with a strategic business alliance. The rise in consumption tax rate to 10% was postponed until October 2019, but the three years until that time should be the last chance for a backwind as a time to prepare for structural reforms and environmental change. I’d like to strengthen our offensive posture that actively makes proposals by way of building homes by supporting building firms.”

On August 31, the Japan Wooden Housing Seismic Strengthening Business Cooperative released to the public “Basic Seismic Diagnostic Data (April 2006 to June 2016). According to the report, 22,202 houses or 90.7% of the 24,486 single-family houses that were surveyed failed to meet the seismic standards and were seen as having a potential of collapsing during a strong earthquake with a seismic intensity in the upper 6 level. The data was used to analyze the results of seismic diagnostic tests conducted on 24,486 houses during the period (10 years and 2 months), and the houses that were targeted for the survey were traditional wood constructed homes of 2 stories or less with constructions starts from 1950 to May 2000 (average age of 35.18 years). Looking within the targeted houses at the 12,079 houses (average age of 43.67 years) that were built before 1980 with the old seismic standards, 11,729 houses accounting for 97% failed to meet the seismic standards. On the other hand, among the 12,407 houses (average age of 26.9 years) that were built from 1980 with the new seismic standards, 10,483 houses (84.5%) failed to meet the seismic standards. The average price needed for construction to strengthen seismic resistance was 1,638,403 yen. For houses built before 1980, the average price was 1,825,678 yen, and for houses built from 1980, the average price was 1,484,808 yen.

On August 30, the Ministry of Land, Infrastructure, Transport and Tourism announced its budget request for fiscal 2017. The total general account budget request increased 15% compared to the initial budget for fiscal 2016 to 6.6654 trillion yen. Within this amount, 1.4179 trillion yen was requested for “Framework for Promoting Priority Issues for a New Japan”, an important field to be given preference. The total request related to the Housing Bureau was 206.865 billion yen (17% increase compared to the initial budget for the previous fiscal year). Work will be put into the three following important fields: 1) housing and urban development that responds to the aging and declining population, 2) implementation of safe living that is strong against disasters, and 3) revitalization of the housing market by promoting the formation and distribution of a high-quality housing stock. In the first field, a home life will be implemented, in which

young, child-rearing households can live worry-free, will be implemented by developing an environment that is locally based and nurtures children. Also, a home life will be implemented, in which elderly people can live independently by promoting the development of housing including services for the elderly. In the second field, reinforcing seismic resistance of homes and buildings will be promoted by cooperating with local public groups in order to achieve the goal of largely eliminating the housing stock that does not have the seismic resistance which is called for by the seismic standards by 2025. In the third field, support will be given to strengthening the production system of regional, high quality, wood constructed housing and environmental measures for housing and buildings as well as to constructing a new housing recycling system and renovation/remodeling that contributes to the formation of high quality housing stock while aiming for the revitalization of the market for renovation/remodeling and distribution of existing homes.

The total estimated budget request related to the Forestry Agency for fiscal 2017 increased 17.2% compared to the initial budget of the previous fiscal year to 343.638 billion yen. Public works spending totaled 225.984 billion yen (18.9% increase), and within that total, spending for general public works projects was 216.001 billion yen (20% increase), and spending for disaster recovery was 9.974 billion yen (same as the previous fiscal year). In the breakdown of the general public works projects spending, spending for forest maintenance projects was 144.343 billion yen (20% increase), and spending for forest conservation projects was 71.667 billion yen (20% increase). In addition, non-public works spending totaled 117.654 billion yen (13.9% increase). With the theme continuing from the previous fiscal year of “promotion of measures for forestry as a growth industry and for forests as a source of absorption,” the following items were seen as important: 1) funds to make a foundation for forestry for the next generation, 2) model projects for the regional creation of forestry as a growth industry, 3) acceleration of the consolidation of forest management, 4) measures for training forestry personnel, 5) projects for crating new lumber demand, 6) expansion of use of wood biomass, 7) measures regarding illegal logging , 8) measures regarding the source of pollen dispersion, 9) measures to manifest the multifaceted functions of forests and mountain villages, 10) projects and emergency measures regarding forest damage by deers, 11) forest maintenance projects, and 12) forest conservation projects.

The Japan Laminated Wood Products Association held its first seminar concerning the use of laminated wood products for the restoration and repair of cultural assets on September 6 in Tokyo.

Representatives from the Forestry Agency as well as from the association’s member companies attended and listened to the lecture conducted by Hitoshi Kanakubo, who has been engaged in the repair and preservation of traditional buildings and cultural assets for many years at Shimizu Corporation. As an example of a construction, he spoke about the preservation and repair construction of the main shrine building of Izumo Grand Shrine (Izumo Oyashiro in Japanese), which he was involved in, and he described various points concerning the different kinds of construction beginning with the wood construction. The site of the shrine covers 2,000 square meters, and the repair and preservation work was conducted on 14 buildings including the main building with a height of 24 meters. At the main shrine building, construction was conducted around the roof with a replacement of the cypress wood shingles and on the building. The lumber (old wood material) that was used was preferably taken from the building and re-used for the repair. In this kind of large-scale cultural asset, very thick and long lumber is used for the posts and beams, and obtaining new wood material is becoming difficult year by year. At the question and answer session after the lecture, a question was asked concerning the use of laminated wood products, but Kanakubo answered, “Adhesives were not used at all at Izumo Grand Shrine. I think the use of adhesives is a large hurdle.”



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