

# Japan Lumber Journal

Friday, April 15, 2016

Volume 57 Number

7

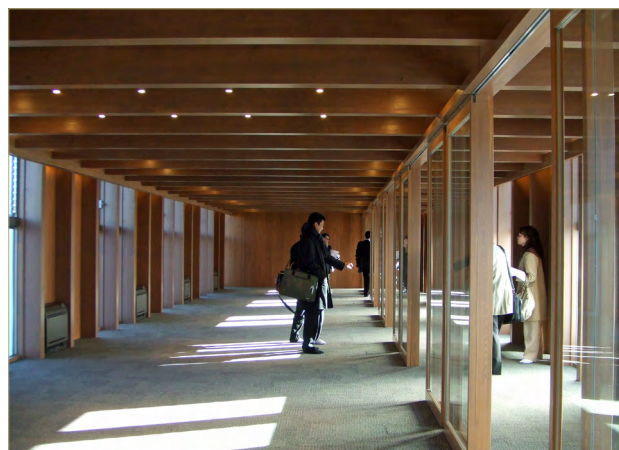
## Wooden kindergarten that uses hardware by Stroog Inc.

Wooden kindergarten which use hardware manufactured by Stroog Inc. is in the middle of construction at Tsutsujigaoka chofu-city, Tokyo. It is a separate building of Chofu Shiragiku Kindergarten (Wooden building with two stories above ground). The first floor will be used for kindergarten and the second floor will be used as a warehouse. This building has a total floor area of 441 square meters and succeeds in huge cost reduction compared to steel structure and reinforced-concrete structure whose prices became high due to shortage of workers. The no-pillar space with span of 6.37m and depth of 21.8m, which is a feature of this building, is achieved by “Joist construction method” using HSS connector manufactured by Stroog Inc.

“Joist construction method” is the method which do not have beam in the longitudinal direction and construct frame using only joist. 105mm x 240 mm structural laminated lumber ‘hirakaku’ posts is placed at intervals of 910mm, 105mm x 360mm structural laminated lumber is used for floor joist of the second floor, 105mm x 20mm structural laminated lumber is used for the joist for the second floor attic (roof), and the building accommodate the span of 6,370mm. With no beams in ridge direction, the building use 24mm joist-less plywood for floor and attic of the second floor, so that the platform structure achieve enough stiffness. Partitions can be set up flexibly because the places of posts do not become an obstacle.

### Hot Topic:

In the 2nd quarter 2016, the demand for domestic logs for lumber, imported logs, plywood and laminated lumber for the structural use was forecast to increase from the same period in the previous year. >> Page 2



European red pine laminated lumber used in the structural laminated lumber

The interior of building looks like a series of gate-type Rahmen frame, but in fact the structure is supported by wall. Independent posts are placed to fit to the size of structural plywood, and 3 x 9 sized structural plywood and 9mm dailite are fixed with screw. In the frontage direction, the joist using 105mm x 360mm structural laminated lumber is installed on the first floor and over that 24mm structural plywood is installed. Sands are placed on floor to provide the effect of sound insulation and the heat storage. Independent posts and anchors are fixed with pedestal connector manufactured by Stroog Inc., and column-beam joint parts are strengthened with beam receiving connector.

Osamu Watanabe architects, which is in charge of architectural design, and Rhythm Design Mov co.ltd, which is in charge of constructional design, said: “It is becoming difficult to construct buildings with reinforced-concrete structure and steel structure due to a problem with construction period attributable to a shortage of construction workers. Wooden buildings are easy to construct because

they have advantages such as pre-cut lumber which is pre-cut by machine, on-site correction using simple tools, and the availability of craftsmen who have experience to build many houses. Wooden structure is light and can reduce period of foundation work. If we can provide low price by selecting lumber with stable price, wooden structure will become popular buildings.”



demand for major timber (the second quarter and the third quarter of 2016). According to the forecast, as for the demand for major timber in the second quarter (April - June), while the demand for domestic logs for lumber, imported logs, plywood and laminated lumber for the structural use was forecast to increase from the same period in the previous year, the demand for domestic logs for plywood and imported lumber products was forecast to decline from the same period in the previous year. As for the demand in the third quarter (July- September), while the demand for domestic logs for lumber, imported logs and plywood were forecast to increase from the same period in the previous year, the demand for domestic logs for plywood, imported lumber products and laminated lumber for the structural use was forecast to be almost unchanged from the same period in the previous year. New housing starts for fiscal 2016 (April 2016 - March 2017) that were used as the base for the forecast were estimated to be 928,000 units, up by 2.1% from the previous year, with a gradual economic recovery taken into consideration.

Partly because the snowfall was light due to unusually warm winter, the output of domestic logs (for lumber) has been increasing. A trend to use domestic lumber is reaching a peak among housing manufacturers, etc., and the demand was forecast to increase in the second quarter and third quarter. On the other hand, the demand for logs for plywood was forecast to be almost unchanged or decrease as the shift from Southsea plywood to domestic plywood by users has slowed down.

As for North American logs, the demand has been firm, and the import volume was forecast to increase by 2-5% in the second quarter and third quarter. The import volume of lumber

products in the second quarter was forecast to decline by 10% as trading companies that are concerned about the decline in the operation rate at pre-cut factories are being cautious in making purchases.

As for European lumber products, it has become difficult to purchase whitewood logs in producing areas, and sawmills are cutting down their production. In the market, a move to shift to domestic cedar products that can be easily procured is becoming active, and the import volume was forecast to decline in both the second quarter and the third quarter.

The import volume of Southsea logs and lumber products was forecast to change in a way to meet the demand. It was forecast that the inquiries for Russian logs would increase if the output of North American logs declines due to forest fire incidents in summer. The import volume of lumber products was forecast to be at low levels as sawmills for Japan are slow to procure logs.

The demand for logs and lumber products from New Zealand and Chile was forecast to remain at low levels due to factors such as the competition with domestic lumber, sluggish demand for products for packing, inventory adjustment. The demand for the imported plywood was forecast to increase by 5% in the second quarter and the third quarter as the public work in the new fiscal year and the demand for floor base were expected to be generated.

As for laminated lumber for the structural use, the supply from a major European manufacturer was expected to be stable, and the import volume was forecast to increase both in the second quarter and the third quarter.

---

**Forecast:**

**Forecast for the supply and demand for major timber**

The Forestry Agency recently compiled the forecast of the supply and

Quarterly Supply & Demand for Major Timber

(1,000 cubic meters)

	2012	2013	2014				2014	2015				2015	2016		
	Total	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	*1Q	*2Q	*3Q
<b>Domestic Logs</b>															
demand for lumber	11,321	12,058	3,123	3,108	2,839	3,141	12,211	2,989	2,956	2,747	3,143	11,835	3,050	3,100	3,200
demand for plywood	2,602	3,016	746	871	752	822	3,191	819	844	782	913	3,358	780	780	790
<b>American Logs</b>															
supply	3,048	3,420	911	828	641	712	3,093	621	661	584	699	2,565	700	700	600
demand	3,059	3,399	853	794	728	698	3,073	682	646	634	660	2,622	680	660	620
stock	-	-	327	361	275	288	-	226	242	192	231	-	251	291	271
<b>American Lumber</b>															
supply	2,751	2,867	564	654	590	555	2,362	545	606	573	615	2,340	520	550	570
demand	2,765	2,837	588	653	602	587	2,430	558	611	551	604	2,325	540	550	560
stock	-	-	198	199	187	155	-	142	137	159	170	-	150	150	160
<b>European Lumber</b>															
supply	2,443	3,201	687	729	605	478	2,500	518	627	644	596	2,385	600	580	600
<b>Southsea Logs</b>															
supply	333	292	60	75	72	59	266	48	66	47	65	227	50	60	60
demand	376	305	66	75	66	70	276	60	64	62	63	248	60	63	62
(for lumber)	76	90	17	21	19	12	69	17	13	15	14	58	16	14	15
(for plywood)	300	215	48	54	47	58	207	43	50	48	49	190	44	49	47
stock	-	-	79	79	86	74	-	63	66	51	53	-	43	40	38
<b>Southsea Lumber</b>															
supply	583	590	148	156	144	134	582	129	129	121	128	507	120	130	120
demand	577	588	152	142	147	135	576	142	137	111	120	510	145	140	140
stock	-	-	114	128	125	124	-	112	104	114	122	-	97	87	67
<b>Russian Logs</b>															
supply	252	214	59	84	45	11	199	25	47	39	26	137	25	45	45
demand	269	208	52	82	29	25	189	36	29	50	44	158	40	40	40
stock	-	-	38	40	56	41	-	30	49	38	20	-	5	10	15
<b>Russian Lumber</b>															
supply	615	751	189	175	140	137	641	170	167	130	144	611	160	160	140
<b>NZ-Chilean Logs</b>															
supply	723	590	199	120	103	107	529	130	103	85	95	413	115	110	110
demand	685	668	169	156	91	122	539	127	102	97	107	433	105	95	95
stock	-	-	64	28	40	25	-	28	29	17	5	-	15	30	45
<b>NZ-Chilean Lumber</b>															
supply	306	295	71	83	102	89	344	91	70	64	64	289	82	65	70
demand	327	287	88	86	82	96	352	84	78	60	66	288	70	65	60
stock	-	-	30	27	47	40	-	46	38	42	40	-	52	52	62
<b>Plywood</b>															
supply	6,090	6,462	1,647	1,676	1,477	1,497	6,297	1,484	1,375	1,345	1,451	5,656	1,433	1,430	1,450
(domestic output)	2,564	2,818	706	738	669	694	2,806	689	680	661	741	2,770	720	720	730
(imported)	3,526	3,645	942	938	808	803	3,491	795	696	684	710	2,885	713	710	720
demand	6,074	6,517	1,680	1,552	1,465	1,513	6,211	1,464	1,384	1,439	1,479	5,766	1,420	1,460	1,460
(domestic output)	2,571	2,869	732	618	655	698	2,704	656	700	749	764	2,869	720	740	740
(imported)	3,503	3,648	948	934	810	815	3,507	808	684	690	715	2,897	700	720	720
stock	-	-	1,121	1,245	1,257	1,240	-	1,261	1,252	1,158	1,130	-	1,143	1,113	1,103
(domestic output)	-	-	176	296	309	304	-	338	317	229	206	-	206	186	176
(imported)	-	-	946	950	948	936	-	923	935	929	924	-	937	927	927
<b>Structural</b>															
<b>Laminated Lumber</b>															
supply	2,048	2,254	564	565	502	506	2,137	468	508	545	509	2,030	500	540	550
(domestic output)	1,374	1,493	379	354	333	343	1,409	310	320	350	345	1,325	330	340	350
(imported)	674	761	185	211	169	162	728	158	188	195	164	705	170	200	200

\*The figures for 1Q 2016 are presumption; for 2Q and 3Q 2016 are estimates.

\*Source: Forestry Agency

**Statistics**

**Main foreign timber import results for 2015**

Comprised of the Japan Lumber Importers' Association, Japan North American Lumber Conference, Japan Southsea Lumber Conference, Japan Russian Wood Products Conference, and Japan New Zealand-Chile Pine Lumber Conference, the Overall Supply and Demand of Imported Timber Liaison Committee recently announced the supply and demand movements of the main foreign lumber imported from January to December 2015 (preliminary figures and independent calculations). According to the report, the amount of wood material received in 2015 showed logs with 3,379,652 m<sup>3</sup> (17.5% decrease compared to the previous year) and lumber products with 6,135,280 m<sup>3</sup> (4.6% decrease) for a total of 9,514,932 m<sup>3</sup> (9.6% decrease), and with stagnation in domestic demand in the background, the amount fell below the results of the previous year for the second consecutive year.

Looking at the amount received in detail, the amount of logs received in the year was 2,565,063 m<sup>3</sup> (17.1% decrease) from North America, 421,850 m<sup>3</sup> (20.2% decrease) from New Zealand, 243,359 m<sup>3</sup> (8.5% decrease) from Southeast Asia, and 136,966 m<sup>3</sup> (31.2% decrease) from Russia. Because of the decline of the yen in the currency exchange rate, the rise in demand in the producing regions, and the stagnation in demand in Japan, North American logs, which account for 76% of the share, had a 2-digit decrease for the second consecutive year. Logs from Southeast Asia were impacted by the strengthening of measures against illegal logging in the producing areas, and due to the decrease in demand in Japan, logs from Russia

and New Zealand had a 20 to 30% decrease compared to the previous year. Although the amount was small, logs from Africa greatly expanded by 71.6%.

On the other hand, the amount of lumber products received was 2,384,345 m<sup>3</sup> (4.6% decrease) from Europe, 2,339,457 m<sup>3</sup> (1% decrease) from North America, 611,876 m<sup>3</sup> (4.6% decrease) from Russia, and 508,221 m<sup>3</sup> (12.7% decrease) from Southeast Asia with all the major lumber products decreasing. The decrease in demand in Japan was the main factor. For lumber products from Europe and Russia, their inventory levels in Japan are low, and substituting them for domestic lumber products is moving ahead, so the amount received did not expand.

Due to an increase in new housing

construction starts, both logs and lumber products are expected to have a slight increase in imports in the future. However, especially for North American wood material, the motivation for logging in the producing regions is falling due to the downturn in China, and there is also anxiety concerning the supply side in the producing regions, so forecasting the future is difficult.

For wood material from Southeast Asia and Russia, substitutions by domestic lumber products are moving ahead, but on the other hand, there is a deeply rooted strong demand, so the amount received is seen as remaining at the same low levels without any large change. There is also a possibility of an increase in the amount of lumber products received from Europe with the

(Continued on Page 5)

**Import Results for Foreign Timber**

(cubic meters; %)

		2015 (Jan-Dec)		2014 (Jan-Dec)	
		Results	y/y	Results	y/y
<i>Southsea</i>	Logs	243,359	-8.5	265,907	-9.0
	Lumber	508,221	-12.7	582,232	-1.3
	<b>Total</b>	751,580	-11.4	848,097	-3.8
<i>North American</i>	Logs	2,565,063	-17.1	3,092,641	-9.6
	Lumber	2,339,457	-1.0	2,362,365	-17.6
	<b>Total</b>	4,904,520	-10.1	5,455,006	-13.2
<i>Russian</i>	Logs	136,966	-31.2	198,961	-7.1
	Lumber	611,876	-4.6	641,260	-14.6
	<b>Total</b>	748,842	-10.9	840,221	-13.0
<i>New Zealand</i>	Logs	421,850	-20.2	528,618	-10.4
	Lumber	75,936	-10.5	84,811	18.3
	<b>Total</b>	497,786	-18.9	613,429	-7.3
<i>Chilean</i>	Lumber	215,445	-17.0	259,602	16.5
<i>African</i>	Logs	4,838	71.6	2,819	-33.5
<i>European</i>	Logs	7,576	-6.5	8,105	5.7
	Lumber	2,384,345	-4.6	2,499,685	-21.9
	<b>Total</b>	2,391,921	-4.6	2,507,834	-21.9
<i>Total</i>	Logs	3,379,652	-17.5	4,097,051	-9.5
	Lumber	6,135,280	-4.6	6,429,955	-16.5
	<b>Total</b>	9,514,932	-9.6	10,527,006	-13.9

Source: Japan Foreign Timber General Supply and Demand Liaison Conference



start of operations of a new factory, but with large problems such as delays in shipping yet to be solved, expectations are low.

For wood material from New Zealand, the price of products used for packaging material is rising, and demand in Japan for packaging material is stagnating, so a severe condition is seen as continuing in the future.

**Wholesalers' view**

**Southsea timber market**

According to the document released by the Japan Southsea Lumber Conference, the weather has started changing in Indonesia, and the water level in the river has started lowering. Some of suppliers have started reducing the volume of logs that is delivered to plywood factories, and there is a possibility that the production of products in the next month and after may be affected. Currently, prices of logs are either

unchanged or weak. In Java, shortage of falcata continues, and factories that use falcata are struggling to collect them.

In Sarawak, Malaysia, it rains frequently in the western part. On the other hand, it has been sunny in the eastern part, and the haze caused by spontaneous fire is spotted. In Sabah, due to the El Nino effect, the temperature has been high, making the air dry.

In Malaysia, buyers from India  
(Continued on Page 6)

**Imports of Southsea Logs by Origin**

(1,000 cubic meter)

	Southsea Logs				
	Import				
	Total	Sabah	SRWK	Slmn.	PNG
<b>2012</b>	332.7	121.1	255.5	18.5	115.8
<b>2013</b>	292.2	63.8	180.7	21.3	67.0
<b>2014</b>	265.9	86.4	143.5	4.5	55.8
<b>2015</b>	243.4	98.8	89.7	18.8	36.0
<b>2016 YTD</b>	<b>37.4</b>	<b>14.0</b>	<b>17.5</b>	<b>0.0</b>	<b>5.9</b>
Jan.	15.5	7.7	7.7	-	-
Feb.	22.0	6.2	9.8	-	5.9
Mar.					
Apr.					
May					
June					
July					
Aug.					
Sep.					
Oct.					
Nov.					
Dec.					

**Supply/Demand of Southsea Logs**

(1,000 cubic meter)

	Southsea Logs				
	Import	Demand			Stock
	Total	Total	for PW	for Lbr	
<b>2012</b>	332.7	509.1	402.4	106.8	140.1
<b>2013</b>	292.2	375.8	299.7	76.1	97.0
<b>2014</b>	265.9	304.5	214.7	89.8	74.4
<b>2015</b>	243.4	248.1	190.3	57.9	69.7
<b>2016 YTD</b>	<b>37.4</b>	<b>43.9</b>	<b>34.0</b>	<b>9.9</b>	
Jan.	15.5	21.4	16.5	4.9	63.7
Feb.	22.0	22.5	17.5	5.0	63.2
Mar.					
Apr.					
May					
June					
July					
Aug.					
Sep.					
Oct.					
Nov.					
Dec.					

**Import Results of Southsea Lumber Products**

(unit: cubic meter; %)

	Overall Lumber Products		Lumber		Processed lumber		Free boards					
	YTD	y/y	YTD	y/y	YTD	y/y	YTD	y/y				
<b>2016 Feb</b>												
<i>China</i>	13,866	33,450	-16.3	336	1,261	23.4	4,336	10,645	-19.3	9,194	21,544	-16.3
<i>Malaysia</i>	5,928	13,260	-25.7	3,886	8,161	-25.8	1,586	4,162	-29.3	456	937	-1.5
<i>Indonesia</i>	12,944	27,286	9.4	1,724	3,703	54.9	3,580	7,481	24.6	7,640	16,102	-2.8
<i>Vietnam</i>	3,271	6,617	-12.8	200	349	-28.9	732	1,568	-7.3	2,339	4,700	-13.1
<i>Philippines</i>	1,586	3,133	37.4	618	1,232	6.7	232	522	18.9	736	1,379	100.7

resumed their purchases of lauan lumber, but there has been no major change in the distribution prices of logs. As March was the month of account settlement, the volume of

plywood newly ordered by Japanese buyers became extremely lower. In local areas, as the export prices of logs have started rising with the value of Malaysian ringgit increasing,

shippers are trying to increase plywood prices.

The arrival of Southsea logs in Japan in February 2016 was 21,950 cubic meters. In addition to the arrival from Sarawak and Sabah, there was an arrival of 6,000 cubic meters from Papua New Guinea. The shipment was 22,459 cubic meters, and the inventory at the end of February was down to 63,168 cubic meters or 2.89 months.

The actual import of Southsea lumber products in February was 7,136 cubic meters of lumber (down by 7.5% from the same month in the previous year), 10,618 cubic meters of processed lumber (down by 12.4% from the same month in the previous year) and 20,884 cubic meters of free boards (down by 9.3% from the same month in the previous year). The total was 38,638 cubic meters. The arrival of lumber and processed lumber from Malaysia is declining significantly.

**FOB of Southsea Logs**

(US\$ per cubic meter)

	2015		2016		
	Highest	Lowest	Feb	Mar	April
			1st Week	1st Week	1st Week
<b>Sarawak Logs</b>					
Meranti SQ-up	300-304	275-279	275-279	274-278	274-278
Meranti Small (Small 70%, S.S. 30%)	255-259	237-241	228-232	231-235	230-234
<b>Ocean Freight</b>					
Sarawak	54.8	54.0	55.6	53.5	53.5
<b>Yen/US\$</b>	-	-	120.0	115.0	113.0

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

**Canadian SPF Dimension Lumber**

The import prices of Canadian SPF dimension lumber in early April were \$480/mfbm for 2x4, 2x6 and 2x8 items and \$570/mfbm for 2x10. Prices have been unchanged for 5 consecutive months since December last year. The import prices of dimension lumber remain stable while exchange rates go up and down slightly.

The housing start figure for 2x4 houses in February that was announced recently was 8,529 units, up by 4.9% from the same month in the previous year. It increased from the same month in the previous year for the first time in 3 months, and there is a sigh of relief in the industry. The breakdown of the housing start figure, 8,529 units, was 2,317 units for owner-occupied houses, 5,084 units for rental houses, 1,083 units for houses built for sale and 45 units for others. The demand for rental houses that form the main segment seems to have recovered from the bottom level.

The largest manufacturer that builds rental houses using the 2x4 construction method held a briefing meeting the other day, inviting mass media people. The company builds one-story and multi-story rental houses by utilizing the 2x4 construction method that realizes the durability as well as designs of import houses and is favored mainly by newly-weds in their twenties. Currently, the company also builds 3-story houses. However, a person in charge says that the company wants to expand its business area in future, for example, by building several buildings and creating communities where people in various age groups live together. The company is hoping to change its business categories by shifting from the rental houses that are used just only for a while to rental houses that are used for a long time.

**Housing:**

**Housing starts in February**

According to a report released by the Ministry of Land, Infrastructure, Transport and Tourism on March 31st, Japan's housing starts in February were 72,831 units (up 7.8% from the same month in the previous year), increasing for two consecutive months. Housing starts of rental houses and built-for-sale houses increased significantly and those of owner-occupied houses increased slightly. The seasonally-adjusted annual rate was 974,000 units (up 11.6% from the previous month), exceeding 900,000 units for the first time since August last year.

(Continued on Page 7)



p.c.m=per cubic meter

<b>Japanese Market Indications</b>				
	2015	2016		
	April	Mar	April	
<b>North American</b>	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Hemlock Coast No.3, 12" up	23,400	23,400	22,680	p.c.m
Douglas Fir SS No.3, 12" up	28,800	28,800	28,080	"
Douglas Fir Coast No.3, 12" up	26,640	26,640	25,920	"
Douglas Fir mid-dia., 8/11, J-sort	24,840	24,840	24,120	"
<i>Lumber</i>				
Hemlock 105mm sq., roof beam, std.	52,000	52,000	51,000	p.c.m
Hemlock 105mm sq., roof beam, KD	60,000	59,000	58,000	"
Hemlock 90mm sq., purlin, std.	52,000	52,000	51,000	"
Hemlock 90mm sq., purlin, KD	60,000	59,000	58,000	"
Hemlock 45x105mm, KD, floor joist, 4m	49,000	50,000	50,000	"
Hemlock 105mm sq., preserved sill, 4m	51,000	54,000	54,000	"
Douglas Fir 90mm sq., purlin, KD	60,000	58,000	57,000	"
Douglas Fir 45x45mm, KD, rafter, 4m	56,000	53,000	53,000	"
Douglas Fir 45x105mm, solid, KD, floor joist, 4m	55,000	54,000	54,000	"
Douglas Fir 120mm sq., laminated, 6m	125,000	124,000	124,000	"
Douglas Fir hirakaku, KD, 3, 4m	55,000	54,000	54,000	"
Douglas Fir hirakaku, laminated, 3, 4m	125,000	124,000	124,000	"
Yellow Cedar 5" x 6W BC Clear	150,000	150,000	150,000	"
*Yellow Cedar 120mm, sill (pithless), 4m	70,000	63,000	63,000	"
Spruce 8"3/4, board, Clear	240,000	240,000	240,000	"
<b>European</b>	(Yen; wholesale prices, on truck)			
Whitewood 105mm sq., 5-ply kudabashira, home-sawn	1,880	1,850	1,900	per piece
Whitewood 105mm sq., 5-ply kudabashira, imported	1,850	1,850	1,900	"
Whitewood 27x105mm, solid, 3m, Central	48,000	52,000	52,000	p.c.m
Whitewood 27x105mm, solid, 3m, Nordic	48,000	52,000	52,000	"
Whitewood 30x105mm, solid, 3m, Central	48,000	52,000	52,000	"
Whitewood 30x105mm, solid, 3m, Nordic	48,000	52,000	52,000	"
Whitewood rough lamina, randam length, Central	39,000	35,000	36,000	"
Whitewood rough lamina, randam length, Nordic	40,000	36,000	36,000	"
Redwood hirakaku, laminated, 3~6m	59,000	58,000	58,000	"
<b>Dimension Lumber</b>	(Yen; wholesale prices, on truck; green count)			
SPF 2x4~8", KD 10~20' J-grade	41,500	41,000	41,000	p.c.m
SPF 2x10", KD 10~20' J-grade	46,500	47,000	47,000	"
Whitewood 2x4~8", KD 10~16' J-grade	44,000	45,250	45,250	"
Whitewood 2x10", KD 10~16' J-grade	49,000	50,250	50,250	"
<b>Japanese</b>	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Japanese Cedar (Akita) 3.65-4m, 14-22cm dia.	11,400	10,200	10,000	p.c.m
Japanese Cedar (Fukushima) 3.65-4m, 14-22cm dia.	10,400	10,600	10,000	"
Japanese Cypress (Gifu) 3.65-4m, 14-22cm dia.	16,800	16,800	16,500	"

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



<b>Japanese Market Indications</b>				
	2015	2016		
	April	Mar	April	
<b>Japanese</b>	(Yen; wholesale prices, on truck)			
<i>Lumber</i>				
Japanese Cedar post 10.5cm sq., 3m	58,400	57,900	57,600	p.c.m
Japanese Cedar post 10.5cm sq., 3m KD	66,300	65,200	64,900	"
Japanese Cedar roof beam 10.5cm sq., 3.65-4m	53,000	52,700	52,300	"
Japanese Cypress post 10.5cm sq., 3m	79,400	79,200	79,200	"
Japanese Cypress post 10.5cm sq., 3m, KD	87,500	83,000	82,900	"
Japanese Cedar kowari lumber (Akita)	240	240	240	per piece
Japanese Cedar 2.7 x 10.5cm, KD (Kyushu)	54,000	54,000	54,000	p.c.m
<b>Russian</b>	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Whitewood mid-dia., short-length in Toyama market	6,100	5,800	5,500	per koku
Larch mid-dia., short-length in Toyama market	5,700	5,700	5,700	"
Red Pine mid-dia., short-length in Toyama market	6,800	6,600	6,500	"
<i>Lumber</i>				
*Whitewood rafter in Chukyo market, Green	50,000	-	-	p.c.m
Whitewood rafter in Chukyo market, KD	63,000	62,000	62,000	"
Whitewood rail in Chukyo market	51,000	50,000	50,000	"
<b>Radiata Pine</b>	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
New Zealand, A-sort	5,000	4,400	4,200	per koku
<i>Lumber</i>				
board, Chile				
12.0mm x 4m, random width (120,150, 180, 210mm)	41,000	37,000	36,500	p.c.m
<b>Southsea</b>	(Yen; wholesale prices, on truck)			
<i>Logs for plywood</i>				
Meranti (Hill SRWK) ordinary lot	12,700	11,830	11,700	per koku
Meranti (Hill SRWK) small lot	11,500	10,600	10,300	"
Kapur (SRWK)	15,000	15,200	14,700	"
<b>Plywood</b>	(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	730	730	"
Type II 5.5mm x 910 x 1820, F4-star	860	860	860	"
Concrete form (CF) Type I 12.0mm x 900 x 1800	1,320	1,330	1,300	"
Imported CF JAS 12.0mm x 900 x 1800	1,400	1,350	1,400	"
Imported structural PW JAS 12.0mm x 910 x 1820, F4-star	1,420	1,370	1,450	"
Structural Softwood PW 12.0mm x 910 x 1820, F4-star	900	1,000	1,000	"
Structural Softwood PW 24.0mm x 910 x 1820, F4-star	2,200	2,290	2,400	"
<b>OSB</b>	(Yen; wholesale prices, on truck)			
JAS 9.5mm x 910 x 2440	920	860	860	per sheet
JAS 12.0mm x 910 x 1820	860	770	780	"

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

in three months.

By region, housing starts in Tokyo metropolitan area, where a wait-and-see attitude prevailed, decreased 1.1%, while those in other areas showed double-digit increase. For instance, Kinki area increased 23.1%.

By structure, housing starts of wooden houses were 38,605 units (up 7.2%), and non-wooden houses were 34,226 units (up 8.5%). The ratio of wooden houses by the number of units was 53%, decreasing by 2.3 points from the previous month.

Statistics

Plywood supply in February

Compiled by the Japan Plywood Manufacturers' Association from the Ministry of Finance's Trade Statistics, the amount of imported plywood in February decreased to 219,000 m<sup>3</sup> (16.8% decrease compared to the same month last year) showing a 2-digit decrease for the 4th consecutive month. Based on country, Malaysia decreased a large amount to 85,000 m<sup>3</sup> (28.3% decrease), and China decreased to 42,000 m<sup>3</sup> (29.5% decrease) showing a 2-digit decrease for the

6th consecutive month. On the other hand, Indonesia continued from the previous month to increase to 77,000 m<sup>3</sup> (7.6% increase) showing that the amount of import is closing in on Malaysia.

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 February was 251,000 m<sup>3</sup> (9.9% increase compared to the same month last year) increasing for the 7th consecutive month, and the amount of shipments was 249,000 m<sup>3</sup> (28.7% increase) increasing for the 10th consecutive month. Due to these amounts, the amount of stocks at the end of the month was 157,000 m<sup>3</sup> (44.9% decrease) continuing with its gradual decrease.

Within this total amount of production, the amount of production of softwood plywood was 236,000 m<sup>3</sup> (10.4% increase) increasing for the 7th consecutive month, and the amount of shipments was 234,000 m<sup>3</sup> (30.9% increase) increasing for the 10th

(Continued on Page 11)

Amount of Imported Plywood by Countries

	Overall Amount of Imported Plywood										m <sup>3</sup> ; %	
	Malaysia		Indonesia		China		New Zealand		Taiwan		y/y	y/y
	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y				
<b>2016</b>												
JAN	262,763	-11.8	103,866	-21.4	83,161	10.4	60,227	-18.1	2,712	-19.6	1,006	-14.7
FEB	218,907	-16.8	84,638	-28.3	77,298	7.6	41,864	-29.5	1,716	84.3	1,011	-16.5
MAR												
<b>YTD</b>	481,670	-14.1	188,504	-24.7	160,459	9.0	102,091	-23.2	4,428	2.9	2,017	-15.6

Supply and Demand of Softwood Plywood

	Domestic Production										Shipment		Inventory		m <sup>3</sup> ; %	
	*6mm & below		6-12mm		*12-24mm		*24mm & over		Shipment		Inventory		y/y	y/y		
	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y						
<b>2016</b>																
JAN	224,544	6.3	1,887	-	25,598	-	110,959	-	86,100	-	237,667	9.9	113,633	-45.9		
FEB	235,888	10.4	1,752	-	30,192	-	120,721	-	83,223	-	233,837	30.9	117,882	-51.8		
MAR																
<b>YTD</b>	460,432	8.4	3,639	-	55,790	-	231,680	-	169,323	-	471,504	19.4	-	-		

\*The items have been changed since January 2016.

Supply and Demand of Regular Plywood

	Domestic Production										Shipment		Inventory		Imports		Total Supply in Japan		m <sup>3</sup> ; %	
	*6mm & below		6-12mm		*12-24mm		*24mm & over		Shipment		Inventory		Imports		Total Supply in Japan		y/y	y/y		
	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y	y/y							
<b>2016</b>																				
JAN	239,496	5.8	6,084	-	28,589	-	117,656	-	87,167	-	252,427	8.5	154,912	-38.4	262,763	-11.8	502,259	-4.2		
FEB	250,684	9.9	6,541	-	32,776	-	127,118	-	84,249	-	248,961	28.7	157,112	-44.9	218,907	-16.8	469,591	-4.4		
MAR																				
<b>YTD</b>	490,180	7.8	12,625	-	61,365	-	244,774	-	171,416	-	501,388	17.7	-	-	481,670	-14.1	971,850	-4.3		

\*The items have been changed since January 2016.

consecutive month. The amount of stocks at the end of the month was at a low level of 118,000 m<sup>3</sup> (51.8% decrease).

Compiled by the Japan Plywood Manufacturers' Association from

the Ministry of Finance's Trade Statistics, the amount of exported plywood in February was 8,062 m<sup>3</sup> (469.8% increase compared to the same month last year) recording the largest amount ever for a single month. The amount exported to the

Philippines was 6,892 m<sup>3</sup> (931.7% increase) accounting for 85.5% of the total exports and increasing more than 10 times from the same month last year.

## Plywood Market 1<sup>st</sup> Week April

Statistics show that the production and shipment of domestic softwood plywood continued to be at the high levels until February, and manufacturers' inventory is only less than half the volume at the beginning of this year or half the average monthly shipment volume. Many inventory products were believed to have been sold by the end of the month with wholesalers settling their accounts in March. Product prices in February and March were slightly down, affected by the price of imported products (12mm items) that were weak.

Product prices declined as the shipment to the general distribution route, which is linked to the general construction firms, is sluggish while the shipment to major precut factories continues to be stable. It is not likely that the demand-supply balance will get disrupted significantly in future as new housing starts in February were at the high level (107.8% of the previous year) and also the production volume at plywood factories is expected to decline with the Golden Week long-term vacation starting at the end of the month.

The arrival of the imported plywood continues to be at low levels. However, the sales of inventories by import companies with the account settlement in mind remained noticeable by the end of March, and product prices declined overall again. After that, sales of inventory products and competitions to sell items at low prices ended in April, and the market situation has become stable again.

In producing areas of the imported plywood, as prices of logs remain high and also a major shipper in Malaysia announced that it would limit its sales to Japan, trading companies are expected to make strenuous efforts to improve market conditions. Prices of the imported plywood that hit bottom are expected to recover though the situation may depend on the arrival in future.

## News in Brief

**Sponsored by the Japan Federation of Wood-Industry Associations, a seminar titled "New Measures against Illegal Logging and Efforts towards Legal Lumber Supplies" was held on February 25 in Hibiya, Tokyo.** At the seminar, five lectures including "Concerning the Situation Surrounding Our Country's Measures against Illegal Logging" by Tatsuo Inamoto of the Wood Products Trade Office of the Forestry Agency were given followed by a panel discussion. While reviewing issues related to international forest treaties that have been put together since 1995, Inamoto explained about the difficulty in making a legal framework with the problems of forests including illegal logging. Then, he spoke about each country dealing with the international framework (comparing the domestic laws of each country) that currently carries no legal binding strength, and he introduced examples from the EU, America, and Japan. Japan began to make use



(Continued on Page 12)

of guidelines for legal lumber from 2006. However, after 10 years, the environment of lumber supply including domestic lumber has drastically changed, and discussions concerning a new system in Japan have intensified. In establishing a new system, various problems such as how to control illegal lumber and whether or not to make it mandatory to deal with legally certified lumber have been presented and are being examined further. Inamoto reported, “Currently, discussions have not yet converged to a common point.”

**Sponsored by the Japan Cross Laminated Timber Association, the 4<sup>th</sup> CLT Forum was held in Tokyo on February 26.** After greeting speeches by guests from the Ministry of Land, Infrastructure, Transport and Tourism and the Forestry Agency, lectures titled “Current Use of CLT in Design Practice”, “Efforts of Kochi Prefecture and New Issues”, and “Design, Construction, and future Experiments of CLT Experimental Building” were given introducing actual cases. Coming to Japan for the forum, Professor Gerhard Schickhofer of Graz University of Technology, a leading expert in CLT research, and Professor Emeritus Isao Sakamoto of the University of Tokyo also carried out discussions. During the



discussions concerning CLT buildings in Japan, Professor Schickhofer said that he could feel the possibility of combining the traditional post and beam construction method with CLT. Concerning CLT as a structural material, Professor Sakamoto said, “CLT can be used to make everything such as floors, ceilings, and walls. Compared to other construction methods such as the concrete construction method, CLT has superiority in terms of manufacturing, delivery, and building construction including foundation.” However, as a remaining issue in the design process with CLT, he also stated, “The development and examination of details related to design are necessary. I’d like to see architects and people involved in technology take an active part in the future.”

**The Ministry of Internal Affairs and Communications recently decided on a local government financial measure of about 50.0 billion yen for the Promotion of Measures for Forests as a Source of Absorption.** As a result of examining local government financial plans for the FY 2016, the ministry worked out the project cost based on the Tax Reform Outline for Fiscal 2016 that was determined in December of last year so that forestry management, in which municipalities have become the main constituent, can be promoted smoothly. The funds for the cost are also part of the financial resource until the Forest Environment Tax (tentative name), which is being requested by the Forestry Agency, is put into effect. The measure will allocate funds to cover the following costs: 1) 8.0 billion yen for costs to prepare basic information necessary for municipalities to promote the management of forest land registers in order to manage forests. 2) 10.0 billion yen to confirm the owners of forest land, to identify clearly the boundaries of forest land, and to promote the compilation of measures and policies, 3) 10.0 billion yen to train young people who are starting new employment and permanent residence, to train employees for career promotion, to enrich public welfare benefits and services, and to promote measures for leaders in forestry, and 4) for other items including use of wood material manufactured from wood gathered by forest thinnings, use of wood for public buildings, and promotion of wood biomass energy.

**Compiled by the Aichi Wooden Housing Precut Council, the amount of precut lumber processing for traditional wooden homes (16 factories) in February was 56,680 tsubo (1 tsubo = about 3.3 m<sup>2</sup>; 1,535 homes) increasing 7.7% compared to the same month last year and 7.8% compared to the previous month.** However, the amount stalled at the low 50,000 tsubo processing level, and all the factories are struggling with the lack of rise in orders being received. The cumulative amount of processing in January and February was 109,256 tsubo (2,943 homes) increasing 2.8% compared to the same period last year. The amount of processing scheduled for March is 63,600 tsubo (1,725 homes) showing a recovering trend, but in actuality, simply ensuring the scheduled amount is a struggle in itself. The forecast for April is “increase” for 1 factory, “slight increase” for 1 factory, “unchanged” for 13 factories, and “decrease” for 1 factory.

**Rengo Co., Ltd. (Osaka City), a manufacturer of corrugated boards, paperboards, and packaging material, recently installed a wood chip biomass power plant at its Yashio Mill (Yashio City, Saitama Prefecture).** As the largest paperboard mill in Japan, the Yashio Mill produces about 850,000 tons of paperboard annually. The newly

(Continued on Page 13)



completed facility was built with the purpose of planning for the diversification of energy resources as fuel for the boiler, which has been using mainly natural gas, as well as reducing CO2 emissions. The rated power output is 9,000 kW, and the amount of steam is 70 tons per hour. Derived from construction scrap wood, wood chips and palm kernel shells are the main fuel sources and provide about 20% of the electric power necessary for the mill. The company is quickly moving ahead with the switch from fuel oil to the more environmentally friendly natural gas as a fuel, and by effectively using biomass resources, it is looking to reduce CO2 emissions thoroughly. With the completion of the wood chip biomass power plant, the company expects to reduce CO2 emissions further by about 65,000 tons annually.

**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 February showed panel processing of 292 homes** (10,441 tsubo; 1 tsubo = about 3.3 m<sup>2</sup>) **and fixed size shipments of 21 homes** (925 tsubo) **for a total of 313 homes** (11,366 tsubo) **exceeding the results of the same month last year by 4 homes.** The cumulative amount in January and February was 579 homes (22,288 tsubo) for panel processing and 47 homes (1,878 tsubo) for fixed size shipments for a total of 626 homes (24,166 tsubo) increasing by 25 homes when compared to the same period last year. Compared to last year, the number of homes increased, but the business atmosphere is not good. Compared to January and last December, a “feeling of an outgoing tide” is becoming stronger, and a number of people can be heard saying that the outlook from April is very unclear. A person-in-charge of sales at a member company said, “With nothing but estimates for nursing facilities and apartments, single-family homes are not to be found,” so estimates for mid-scale properties are increasing, but work concerning general single-family homes is greatly decreasing. Recently, the difference between the weak and the strong building firms is becoming noticeable, so work at strong building firms that construct apartments and large properties is increasing, and small building firms that specialize in single-family homes are not getting work.

**The trade shows, Architecture + Construction Materials 2016 and Japan Shop 2016, were held from March 8 to 11 at Tokyo Big Sight with 103,313 visitors attending the 4-day event.** At the Domestic Lumber Zone of Architecture + Construction Materials 2016, fixtures and joinery that were made with domestically produced wood



material and wood panel boards and flooring that were made with cypress from the Noto region were on display. Chubu Flooring Co., Ltd. and Board Co., Ltd. displayed various kinds of wood flooring, and Hoxan Corporation attracted the attention of visitors by exhibiting the world’s highest level sliced veneer and products made with it. Ikegami & Co., Ltd. and Accsys Technologies displayed Accoya, an acetylated wood material, which gained attention when it was recently used as material for the ceiling of Takaosanguchi Station. Canada Wood introduced the company, Viceroy Houses Ltd., which prides itself on its 61 years of establishment, and its products. Viceroy Houses supplies high-quality and high performance home packages of Canada to various countries, and it has shipped about 15,000 homes to the Japanese market in the past 21 years. Mainly 2 x 6 products are shipped to the Japanese market from a JAS certified factory in Richmond, British Columbia.

JLJ Website Address [www.jlj.gr.jp](http://www.jlj.gr.jp)

Subscription rates :

One year, Japan ¥38,880; Overseas US\$400.00

Publisher: JLJ Inc. Office: 25 Sankyo Bldg. #523, 1-48-10 Higashi-Ikebukuro, Toshima-ku, Tokyo 170-0013 JAPAN

Phone: +81-3-5950-2251 Fax: +81-3-5950-2271 Email editor@jlj.gr.jp Website <http://www.jlj.gr.jp/>

Japan Lumber Journal