

Japan Lumber Journal

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1

U.S. forest products industry mission to Japan 2012

As a part of the support program by USDA Foreign Agricultural Service, the delegation of the U.S. forest product industry came to Japan again in December as it does every year. The delegation led by Bob Lewis (the president of Columbia Vista Corporation) made a visit to related government offices, organizations and timber-related companies, and expanded its relations with them through the exchange of opinions. Also, on December 4, the delegation held a meeting with the Japan Federation of Housing Organizations and Japan Lumber Importers' Association at the Hotel Okura Tokyo. The delegation and Japanese participants both reported on the latest conditions in the housing market and the timber market.

The first presentation was made by the Japan Lumber Importers' Association. Yasuhiro Ohashi, an executive director, gave a presentation titled "The conditions of timber demand and supply in Japan", and talked about the trends for housing starts and timber import in 2012 as well as the current conditions for the utilization of domestic lumber. As for the North American lumber, the import of logs in 2012 is expected to be up by 5.7% from the previous year while the import of lumber is expected to be down by 4.3%. Mr. Ohashi said, "The supply of logs from Canada is on the decline, and there is an expectation toward the increase in the import from the U.S."

Bob Lewis who gave a presentation on behalf of the U.S. delegation said that even though the U.S. economy was expected to slow down in the first half of 2013,



the housing construction industry would be active even under the unstable economic conditions, and that the timber demand was expected to increase. The housing constructions in the U.S. are expected to be 902,000 units in 2013, 1,009,000 units in 2014, and 1,243,000 units in 2015, and the remodeling and renovation markets are expected to be stable together with the market for the new constructions.

While the timber demand in the U.S is on the recovery as explained by Mr. Lewis, a Japanese participant asked if the product supply to Japan would be fine. In response, Mr. Lewis answered, "The current factory operation rate is only 75%. If the operation rate is raised, there will be enough supply capability." He then asked a question to the Japanese side if the demand in Japan was likely to concentrate on the domestic lumber. The Japanese side answered, "There is a momentum to try to utilize the domestic lumber, but the usage will not increase that much." At the same time, it was also explained that the Japanese side found it important to continue the import of the foreign lumber in order to satisfy the domestic timber demand in future.

After the meeting, the American Lumber 2012 Reception (Continued on Page 2)

Hot Topic:

The short-term forecast for the supply and demand of major timber (1Q & 2Q 2013) was drawn up. The rush demand is expected to be generated before the consumption tax hik. >> Page 3.

hosted by the American Softwoods Japan Office took place. At the reception, members of the delegation who came to Japan and people from the Japanese timber industry got to know each other while enjoying the delicious food.

Forecast:

Short-term forecast of supply and demand for major timber

The Forestry Agency recently

compiled the short-term forecast of the supply and demand for major timber for the first quarter (January - March) of 2013 and the second quarter (April - June) of 2013. New housing starts that were used as the base for the forecast were estimated

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Quarterly Supply & Demand for Major Timber

(1,000 cubic meters)

| | 2008 | 2009 | 2010 | 2011 | | | | 2011 | 2012 | | | | 2012 | 2013 | |
|--------------------------|--------|--------|--------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|-------|-------|
| | Total | Total | Total | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | *4Q | Total | *1Q | *2Q |
| Domestic Logs | | | | | | | | | | | | | | | |
| demand for lumber | 11,110 | 10,243 | 10,582 | 2,779 | 2,775 | 2,777 | 3,161 | 11,492 | 3,048 | 2,913 | 2,632 | 3,257 | 11,850 | 3,151 | 3,000 |
| demand for plywood | 2,137 | 1,979 | 2,490 | 605 | 637 | 621 | 661 | 2,524 | 665 | 667 | 607 | 670 | 2,609 | 670 | 680 |
| American Logs | | | | | | | | | | | | | | | |
| supply | 2,638 | 2,468 | 2,905 | 717 | 767 | 737 | 858 | 3,078 | 851 | 780 | 647 | 800 | 3,079 | 800 | 800 |
| demand | 2,645 | 2,486 | 2,833 | 735 | 750 | 789 | 855 | 3,129 | 842 | 747 | 700 | 830 | 3,118 | 810 | 830 |
| stock | - | - | - | 291 | 307 | 255 | 258 | - | 267 | 301 | 249 | 219 | - | 209 | 179 |
| American Lumber | | | | | | | | | | | | | | | |
| supply | 2,929 | 2,272 | 2,748 | 610 | 757 | 691 | 727 | 2,786 | 645 | 754 | 578 | 720 | 2,697 | 680 | 720 |
| demand | 2,908 | 2,333 | 2,737 | 571 | 738 | 688 | 753 | 2,751 | 624 | 764 | 596 | 760 | 2,744 | 680 | 720 |
| stock | - | - | - | 212 | 231 | 233 | 207 | - | 228 | 218 | 200 | 160 | - | 160 | 160 |
| European Lumber | | | | | | | | | | | | | | | |
| supply | 2,009 | 2,036 | 2,281 | 631 | 665 | 618 | 570 | 2,485 | 619 | 589 | 644 | 620 | 2,471 | 640 | 660 |
| Southsea Logs | | | | | | | | | | | | | | | |
| supply | 728 | 423 | 556 | 106 | 139 | 166 | 99 | 511 | 100 | 70 | 84 | 68 | 321 | 52 | 70 |
| demand | 821 | 501 | 560 | 147 | 124 | 116 | 122 | 509 | 113 | 84 | 89 | 77 | 364 | 49 | 56 |
| (for lumber) | 109 | 68 | 92 | 25 | 25 | 29 | 28 | 107 | 28 | 15 | 19 | 16 | 78 | 15 | 15 |
| (for plywood) | 712 | 433 | 467 | 122 | 99 | 88 | 94 | 402 | 86 | 70 | 70 | 61 | 286 | 34 | 41 |
| stock | - | - | - | 97 | 112 | 162 | 140 | - | 126 | 112 | 106 | 97 | - | 100 | 114 |
| Southsea Lumber | | | | | | | | | | | | | | | |
| supply | 643 | 537 | 586 | 150 | 177 | 162 | 151 | 640 | 144 | 155 | 141 | 150 | 590 | 140 | 150 |
| demand | 645 | 545 | 580 | 156 | 174 | 157 | 148 | 635 | 146 | 154 | 138 | 150 | 587 | 150 | 150 |
| stock | - | - | - | 100 | 103 | 108 | 111 | - | 109 | 110 | 113 | 113 | - | 103 | 103 |
| Russian Logs | | | | | | | | | | | | | | | |
| supply | 1,804 | 629 | 430 | 128 | 100 | 48 | 54 | 330 | 85 | 101 | 30 | 45 | 261 | 70 | 70 |
| demand | 2,063 | 860 | 494 | 96 | 98 | 61 | 79 | 334 | 72 | 87 | 51 | 55 | 265 | 70 | 60 |
| stock | - | - | - | 78 | 81 | 68 | 42 | - | 55 | 69 | 48 | 38 | - | 38 | 48 |
| Russian Lumber | | | | | | | | | | | | | | | |
| supply / demand | 666 | 679 | 635 | 208 | 191 | 150 | 135 | 683 | 188 | 156 | 127 | 155 | 626 | 170 | 180 |
| NZ-Chilean Logs | | | | | | | | | | | | | | | |
| supply | 869 | 533 | 722 | 197 | 174 | 177 | 159 | 707 | 202 | 204 | 135 | 160 | 701 | 200 | 170 |
| demand | 819 | 595 | 742 | 173 | 173 | 176 | 184 | 706 | 208 | 174 | 151 | 170 | 703 | 180 | 160 |
| stock | - | - | - | 97 | 98 | 98 | 74 | - | 68 | 98 | 81 | 71 | - | 91 | 101 |
| NZ-Chilean Lumber | | | | | | | | | | | | | | | |
| supply | 459 | 245 | 313 | 99 | 107 | 92 | 100 | 398 | 82 | 67 | 85 | 90 | 324 | 90 | 90 |
| demand | 446 | 264 | 320 | 113 | 92 | 90 | 99 | 393 | 89 | 79 | 84 | 90 | 342 | 90 | 80 |
| stock | - | - | - | 42 | 57 | 60 | 61 | - | 54 | 42 | 43 | 43 | - | 43 | 53 |
| Plywood | | | | | | | | | | | | | | | |
| supply | 6,159 | 5,140 | 5,802 | 1,465 | 1,795 | 1,560 | 1,485 | 6,305 | 1,511 | 1,489 | 1,460 | 1,540 | 6,000 | 1,500 | 1,540 |
| (domestic output) | 2,599 | 2,296 | 2,672 | 629 | 640 | 680 | 690 | 2,639 | 630 | 630 | 615 | 680 | 2,555 | 670 | 680 |
| (imported) | 3,560 | 2,844 | 3,130 | 836 | 1,155 | 880 | 795 | 3,666 | 881 | 859 | 845 | 860 | 3,445 | 830 | 860 |
| demand | 6,043 | 5,244 | 5,840 | 1,500 | 1,770 | 1,440 | 1,450 | 6,160 | 1,450 | 1,477 | 1,498 | 1,540 | 5,965 | 1,530 | 1,540 |
| (domestic output) | 2,673 | 2,408 | 2,709 | 671 | 660 | 650 | 660 | 2,641 | 570 | 627 | 658 | 690 | 2,545 | 680 | 700 |
| (imported) | 3,370 | 2,836 | 3,131 | 829 | 1,110 | 790 | 790 | 3,519 | 880 | 850 | 840 | 850 | 3,420 | 850 | 840 |
| stock | - | - | - | 1,013 | 1,038 | 1,158 | 1,193 | - | 1,254 | 1,266 | 1,228 | 1,228 | - | 1,198 | 1,198 |
| (domestic output) | - | - | - | 220 | 200 | 230 | 260 | - | 320 | 323 | 280 | 270 | - | 260 | 240 |
| (imported) | - | - | - | 793 | 838 | 928 | 933 | - | 935 | 943 | 949 | 959 | - | 939 | 959 |
| Structural | | | | | | | | | | | | | | | |
| Laminated Lumber | | | | | | | | | | | | | | | |
| supply | 1,528 | 1,555 | 1,867 | 476 | 498 | 507 | 495 | 1,977 | 471 | 486 | 498 | 510 | 1,966 | 495 | 515 |
| (domestic output) | 1,124 | 1,099 | 1,302 | 328 | 312 | 333 | 333 | 1,306 | 300 | 315 | 325 | 345 | 1,285 | 335 | 335 |
| (imported) | 404 | 457 | 564 | 149 | 186 | 174 | 162 | 671 | 171 | 171 | 173 | 165 | 681 | 160 | 180 |

*The figures for 4Q 2012 are presumption; for 1Q and 2Q 2013 are estimates.

*The figures for Southsea Lumber has included figures for Freeboards since 2008.

*Source: Forestry Agency

to be 878,000 units in fiscal 2012 (April 2012 - March 2013), up by around 4% from the previous fiscal year and 926,000 units in fiscal 2013 (April 2013 - March 2014), up by around 5% from the previous fiscal year. In fiscal 2013, the rush demand is expected to be generated before the consumption tax hike, and the housing industry is likely to enjoy the good business for the first time in many years.

On the other hand, in the timber industry, the shortage of products, especially foreign lumber products, has been worsening since the latter half of 2012. In addition to the product shortage, the value of the yen was increasingly lowering towards the year-end, which encouraged distributors and end users to rush to purchase products. According to a pre-cut factory, the product shortage is already causing panic among people in the market, and the prices of timber products are controlled by the anticipation of high prices. The supply of North American lumber products whose demand is likely to be strong was estimated to be 680,000 cubic meters for the period of January through March and 720,000 cubic meters for the period

of April through June. The supply of European lumber was estimated to be 640,000 cubic meters for the period of January through March and 660,000 cubic meters for the period of April through June. The purchase is expected to match the strong demand. The import of laminated lumber for the structural use is expected to decline from the same period in the previous year due to the worsening profitability for local factories.

Event

Eco-Products 2012 was held

The Eco-Products Exhibition 2012, one of the largest environmental exhibitions in Japan, was held from December 13 through 15, 2012 at Tokyo Big Sight. It was the 14th Eco-Products Exhibition. 711 exhibitors such as companies including domestic major companies, organization, NGOs, NPOs, governments, municipalities, universities, and research institutes participated in the show, and the show attracted 178,500 visitors during 3 days.

Major paper companies including Nippon Paper Group and Oji Holdings Corporation that own many forests stressed to visitors that they had been working on the various researches and developments in order to utilize trees grown in forests without any waste. Recently, more major paper companies are turning themselves into the comprehensive forest business companies, and are also actively showing an interest in the production of various timber products.

Takenaka Corporation displayed "Moenwood" that received the 9th Eco-products' Minister of Agriculture, Forestry, and Fisheries Award for 2012. "Moenwood" is a timber product that Takenaka developed by utilizing wood's characteristic to stop burning. The product has the refractory layer consisting of the burning layer that forms the char layer at the time of fire and the layer that absorbs the heat of the fire and stops the fire, and realized the one hour fire-proof structure certified by the Minister of Land, Infrastructure, Transportation and Tourism. The project that utilizes the product (A large commercial facility, Southwood) is already in progress in Yokohama, and people are looking forward to the opening of the facility in the fall of 2013.

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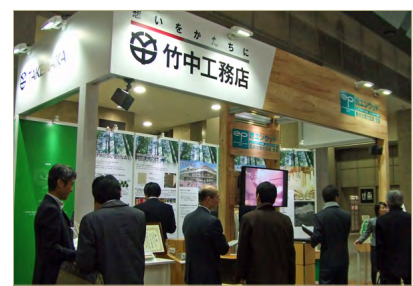
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Event

CLT Forum 2012

The Japan CLT Association (Koichiro Nakashima, chairman of the association and president of Meiken Lamwood Corporation Ltd.) recently held the "CLT Forum 2012, Opening the Future with CLT" in Tokyo with about 150 people attending.

CLT (Cross Laminated Timber) are thick panels that are laminated together crosswise and used for walls and floors to construct buildings. With the use of CLT, construction time and cost can be reduced. Being able to use low quality wood as material is a merit. With demand for putting effort into spreading its use

and into product development and by achieving JAS qualifications, its use in housing and in public facilities is seen as increasing. The government is moving ahead with standards and regulations and will set up a plan in January, and after inspection and approval, it is foreseen as attaining JAS certification within 2013.

In the first part of the forum, Ario Ceccoti of the Tree and Timber Institute of the National Research Council of Italy gave a lecture titled



"CLT Construction as a Resilient Building Technique in Highly Seismic Zones."

Concerning the merits of CLT, Ceccoti said, "CLT is excellent in terms of construction and strength performance, and because it can be used in large amounts as lumber, the spread of its use is progressing. For example, in Austria, it is being widely used from small scale houses and mid-scale apartments to large scale shopping malls. Furthermore, also in America, Canada, South America, and Australia, demand is increasing, and also in Japan, there is a possibility that it can become a third construction method following the post and beam construction method and the 2x4 construction method."

As a commentator during the question and answer period of the lecture, Yoshiaki Amino (professor at Hosei University) reported that in an experiment in February at the National Research Institute for Earth Science and Disaster Prevention in Tsukuba City, Ibaraki Prefecture, a three story structure (with a rooftop corresponding to a fifth floor and carrying 40 tons of load) that was built with CLT construction underwent an actual vibration test. Displacement was seen between layers, but the fact that it has

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Canadian SPF Dimension Lumber

The import prices of Canadian SPF dimension lumber continue to rise. The import prices of Canadian SPF dimension lumber in early January were \$540 - 550 (US dollars)/mfbm for 2x4, 2x6, and 2x8 items, and \$640 - 650 (US dollars)/mfbm for 2x10 with both prices up by 10 - 20 dollars from the previous month. The prices of studs increased by \$40 - 50 to \$590 - 600.

In local areas, the price of #2&BTR increased to as high as \$388 (US dollars)/mfbm, and the merit of shipping J-grade products to Japan disappeared. Suppliers seem to be looking at the price of more than \$560 for the second quarter, and the prices of dimension lumber are likely to remain high for a while.

The domestic demand of dimension lumber continues to be good. Housing starts for 2 x 4 housing exceeded 10,000 units in November as they did in October with the total for the period between January and November reaching 97,229 units. When the housing start figure for December is added, housing starts for 2012 will be most likely to exceed 100,000 units for the first time since 2008.

Housing starts for 2 x 4 housing are strong thanks to the increase in rental houses. In the category of rental houses, housing starts for 2 x 4 housing have been exceeding housing starts for conventional post and beam housing since 2009, and manufacturers that supply housing are enjoying good business results. The shortage of carpenters that is a problem when the construction of new housing starts also contributes to the increase in housing starts for 2 x 4 housing.

p.c.m=per cubic meter

| Japanese Market Indications | | | | |
|---|--|----------|---------|-----------|
| | 2012 | 2012 | 2013 | |
| | January | December | January | |
| North American | (Yen; wholesale prices, on truck) | | | |
| <i>Logs</i> | | | | |
| Hemlock Coast No.3, 12" up | 20,880 | 19,080 | N.A. | p.c.m |
| Douglas Fir SS No.3, 12" up | 28,440 | 23,760 | N.A. | " |
| Douglas Fir Coast No.3, 12" up | 25,920 | 21,960 | N.A. | " |
| Douglas Fir mid-dia., 8/11, J-sort | 21,600 | 20,160 | N.A. | " |
| <i>Lumber</i> | | | | |
| *Hemlock 105mm sq., roof beam, std. | 42,000 | 39,000 | N.A. | p.c.m |
| *Hemlock 105mm sq., roof beam, KD | 52,000 | 46,000 | N.A. | " |
| *Hemlock 90mm sq., purlin, std. | 42,000 | 38,000 | N.A. | " |
| *Hemlock 90mm sq., purlin, KD | 52,000 | 46,000 | N.A. | " |
| Hemlock 45x105mm, KD, floor joist, 4m | 43,000 | 39,000 | 40,000 | " |
| Hemlock 105mm sq., preserved sill, 4m | 45,000 | 45,000 | 45,000 | " |
| *Douglas Fir 90mm sq., purlin, KD | 44,000 | 48,000 | N.A. | " |
| Douglas Fir 45x45mm, KD, rafter, 4m | 53,760 | 51,520 | 51,520 | " |
| Douglas Fir 45x105mm, solid, KD, floor joist, 4m | 47,040 | 48,160 | 49,280 | " |
| Douglas Fir 120mm sq., laminated, 6m | 89,600 | 89,600 | 89,600 | " |
| Douglas Fir hirakaku, KD, 3, 4m | 56,000 | 53,760 | 53,760 | " |
| Douglas Fir hirakaku, laminated, 3, 4m | 89,600 | 89,600 | 89,600 | " |
| Yellow Cedar 5" x 6W BC Clear | 165,000 | 150,000 | N.A. | " |
| Yellow Cedar 120mm, sill (pithless), 4m | 63,000 | 63,000 | 63,000 | " |
| Spruce 8"3/4, board, Clear | 200,000 | 200,000 | N.A. | " |
| European | (Yen; wholesale prices, on truck) | | | |
| Whitewood 105mm sq., 5-ply kudabashira, home-sawn | 1,650 | 1,550 | 1,600 | per piece |
| Whitewood 105mm sq., 5-ply kudabashira, imported | 1,600 | 1,550 | 1,600 | " |
| Whitewood 27x105mm, solid, 3m, Central | 38,000 | 43,000 | 44,000 | p.c.m |
| Whitewood 27x105mm, solid, 3m, Nordic | 38,000 | 43,000 | 44,000 | " |
| Whitewood 30x105mm, solid, 3m, Central | 38,000 | 43,000 | 44,000 | " |
| Whitewood 30x105mm, solid, 3m, Nordic | 38,000 | 43,000 | 44,000 | " |
| Whitewood rough lamina, randam length, Central | 29,000 | 29,000 | 33,000 | " |
| Whitewood rough lamina, randam length, Nordic | 29,000 | 29,000 | 33,000 | " |
| Redwood hirakaku, laminated, 3~6m | 52,000 | 48,000 | 50,000 | " |
| Dimension Lumber | (Yen; wholesale prices, on truck; green count) | | | |
| SPF 2x4~8", KD 8~20' J-grade | 27,500 | 31,500 | 32,500 | p.c.m |
| SPF 2x10", KD 8~20' J-grade | 32,500 | 36,500 | 37,500 | " |
| Whitewood 2x4~8", KD 8~16' J-grade | 31,500 | 33,500 | 34,500 | " |
| Whitewood 2x10", KD 8~16' J-grade | 34,500 | 38,500 | 38,500 | " |
| Japanese | (Yen; wholesale prices, on truck) | | | |
| <i>Logs</i> | | | | |
| Japanese Cedar (Akita) 3.65-4m, 14-22cm dia. | 11,000 | 10,100 | 10,100 | p.c.m |
| Japanese Cedar (Fukushima) 3.65-4m, 14-22cm dia. | 11,800 | 11,100 | 10,500 | " |
| Japanese Cedar (Fukuoka) 3.65-4m, 14-22cm dia. | 12,800 | 11,800 | 11,800 | " |
| Japanese Cypress (Gifu) 3.65-4m, 14-22cm dia. | 20,700 | 17,600 | 17,300 | " |

*These items have been changed in quality & size since September 2012.

1. Prices of some NA Logs & Lumber are not announced yet as of 15th January.

| Japanese Market Indications | | | | |
|---|-----------------------------------|----------|---------|-----------|
| | 2012 | 2012 | 2013 | |
| | January | December | January | |
| Japanese | (Yen; wholesale prices, on truck) | | | |
| <i>Lumber</i> | | | | |
| Japanese Cedar post 10.5cm sq., 3m | 43,100 | 42,400 | 42,400 | p.c.m |
| Japanese Cedar post 10.5cm sq., 3m KD | 63,000 | 62,200 | 62,200 | " |
| Japanese Cedar roof beam 10.5cm sq., 3.65-4m | 43,000 | 42,700 | 42,700 | " |
| Japanese Cypress post 10.5cm sq., 3m | 65,600 | 64,100 | 64,200 | " |
| Japanese Cypress post 10.5cm sq., 3m, KD | 83,100 | 80,800 | 80,800 | " |
| Japanese Cedar kowari lumber (Akita) | 230 | 230 | 230 | per piece |
| *Japanese Cedar 2.7 x 10.5cm, KD (Kyushu) | 62,000 | 52,000 | 52,000 | p.c.m |
| Russian | (Yen; wholesale prices, on truck) | | | |
| <i>Logs</i> | | | | |
| Whitewood mid-dia., short-length in Toyama market | 5,400 | 5,200 | 5,200 | per koku |
| Larch mid-dia., short-length in Toyama market | 5,600 | 5,200 | 5,200 | " |
| Red Pine mid-dia., short-length in Toyama market | 5,900 | 6,000 | 6,000 | " |
| <i>Lumber</i> | | | | |
| Whitewood rafter in Chukyo market, Green | 48,000 | 47,000 | 50,000 | p.c.m |
| Whitewood rafter in Chukyo market, KD | 57,000 | 54,000 | 57,000 | " |
| Whitewood rail in Chukyo market | 49,000 | 48,000 | 51,000 | " |
| Radiata Pine | (Yen; wholesale prices, on truck) | | | |
| <i>Logs</i> | | | | |
| New Zealand, A-sort | 4,200 | 3,800 | 3,800 | per koku |
| <i>Lumber</i> | | | | |
| board, Chile | | | | |
| 12.0mm x 4m, random width (120,150, 180, 210mm) | 32,000 | 32,000 | 32,000 | p.c.m |
| Southsea | (Yen; wholesale prices, on truck) | | | |
| <i>Logs for plywood</i> | | | | |
| Meranti (Hill SRWK) ordinary lot | 7,925 | 7,750 | 7,750 | per koku |
| Meranti (Hill SRWK) small lot | 6,825 | 6,900 | 6,900 | " |
| Kapur (SRWK) | 9,000 | 10,500 | 10,500 | " |
| Plywood | (Yen; wholesale prices, on truck) | | | |
| Type II 2.3mm x 910 x 1820, F4-star | 480 | 500 | 500 | per sheet |
| Type II 4.0mm x 910 x 1820, F4-star | 680 | 680 | 680 | " |
| Type II 5.5mm x 910 x 1820, F4-star | 800 | 800 | 800 | " |
| Concrete form (CF) Type I 12.0mm x 900 x 1800 | 1,250 | 1,180 | 1,200 | " |
| Imported CF JAS 12.0mm x 900 x 1800 | 1,130 | 1,080 | 1,080 | " |
| Imported structural PW JAS 12.0mm x 910 x 1820, F4-star | 1,130 | 1,080 | 1,080 | " |
| Structural Softwood PW 12.0mm x 910 x 1820, F4-star | 1,080 | 880 | 890 | " |
| Structural Softwood PW 24.0mm x 910 x 1820, F4-star | 2,600 | 2,180 | 2,200 | " |
| OSB | (Yen; wholesale prices, on truck) | | | |
| JAS 9.5mm x 910 x 2440 | 670 | 690 | 690 | per sheet |
| JAS 12.0mm x 910 x 1820 | 700 | 720 | 720 | " |

*This item's sales unit (bundle) has been changed since July 2012.

Infrastructure, Transport and Tourism, Japan's housing starts in November 2012 were 80,145 units (up 10.3% year-on-year), which marked a double-digit increase for the third consecutive month. The seasonally-adjusted annual rate was 907,000 units. The floor area also increased for the third consecutive month to 7,039,000 square meters (up 8.5%).

By owner/occupant, housing starts of rental houses marked a large growth for the third consecutive month with the growth rate of 23.2%, and those of owner-occupied houses and built-for-sale houses steadily grew and increased for the third straight month. As a result, total housing starts during January-November 2012 are 806,853 units (up 5.5%), and the annual total is most likely to exceed the result of the previous year with a figure very close to the 900,000 unit mark.

By construction method, housing starts of prefabricated houses were 12,590 units (up 21.4%) and those of 2 x 4 houses were 11,501 units (up 31.2%), both of which marked the third consecutive month of increase. Total housing starts during January-November 2012 were 120,388 units (up 4.1%) with prefabricated houses and 97,229 units (up 9.3%) with 2 x 4 houses. Annual total of the latter, in particular, might exceed the record high (107,715 units) marked in

2008.

Analyzing the results by area, housing starts increased 3.6% in the Tokyo metropolitan area, 14.1% in the Chubu area and 21.6% in the other areas. Only those of the Kinki area dropped 3.7%.

Statistics: Plywood Supply in November

The import volume of plywood in November last year compiled by Japan Plywood Manufacturers' Association based upon "Trade Statistics" by the Ministry of Finance was 282,000 cubic meters (up by 6.3% from the same month in the previous year and down by 11.8% from the previous month), and the significant increase from the same month in the previous year that continued for 2 months stopped. As a result, the total

import from January to November last year was 3,186,000 cubic meters (down by 5.5% from the same period in the previous year).

The arrival in November was 121,000 cubic meters (up by 10.5%) for Malaysia, 78,000 cubic meters (down by 2.8%) for Indonesia, and 69,000 cubic meters (up by 21.1%) for China with all the arrival down by from the previous month.

As for the domestic demand and supply for regular plywood in November last year based on "Plywood Statistics" by the Ministry of Agriculture, Forestry and Fisheries, the production did not change much, standing at 234,000 cubic meters (down by 0.6% from the previous month). The production of softwood plywood which accounts for the majority was 215,000 cubic meters (up by 0.6%), and it recorded the 200,000 cubic meter level for the second consecu-

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Amount of Imported Plywood by Countries

| | Overall Amount of Imported Plywood m³; % | | | | | | | | | | | |
|-------------|--|------|-----------|------|---------|------|-------------|------|------------|-------|--------|-------|
| | Malaysia | | Indonesia | | China | | New Zealand | | Philippine | | | |
| | y/y | | y/y | | y/y | | y/y | | y/y | | | |
| 2012 | | | | | | | | | | | | |
| OCT | 319,558 | 34.8 | 140,910 | 88.8 | 94,793 | 8.2 | 71,575 | 25.2 | 1,668 | -71.4 | 1,848 | -39.5 |
| NOV | 281,761 | 6.3 | 121,349 | 10.5 | 78,067 | -2.8 | 68,868 | 21.1 | 4,159 | -26.2 | 837 | -72.2 |
| DEC | | | | | | | | | | | | |
| YTD | 3,186,392 | -5.5 | 1,430,786 | -0.3 | 920,676 | -4.6 | 686,598 | -8.1 | 48,370 | -13.9 | 25,015 | -11.2 |

Supply and Demand of Softwood Plywood

| | Domestic Production m³; % | | | | | | | Shipment | | Inventory | |
|-------------|---|------|-------|--------|--------|---------|-------------|-----------|------|-----------|------|
| | 3mm & below | | 3-6mm | | 6-12mm | | 12mm & over | | y/y | y/y | |
| | y/y | | y/y | | y/y | | y/y | | | | |
| 2012 | | | | | | | | | | | |
| OCT | 213,959 | - | - | 1,754 | 24,425 | 187,780 | 219,527 | 190,380 | | | |
| NOV | 215,198 | - | - | 1,662 | 28,182 | 185,354 | 224,872 | 179,275 | | | |
| DEC | | | | | | | | | | | |
| YTD | 2,125,083 | 13.9 | - | 17,838 | -14.1 | 261,281 | 40.2 | 1,845,964 | 11.3 | 2,110,438 | 13.6 |

Supply and Demand of Regular Plywood

| | Domestic Production m³; % | | | | | Shipment | | Inventory | | Imports | | Total Supply in Japan | |
|-------------|---|-------|--------|--------|---------|----------|-------------|-----------|-----------|---------|-----------|-----------------------|--|
| | 3mm & below | | 3-6mm | | 6-12mm | | 12mm & over | | y/y | y/y | y/y | y/y | |
| | y/y | | y/y | | y/y | | y/y | | | | | | |
| 2012 | | | | | | | | | | | | | |
| OCT | 235,369 | 1,657 | 7,278 | 27,456 | 198,978 | 241,262 | 240,703 | 319,558 | 34.8 | 554,927 | 23.3 | | |
| NOV | 234,053 | 1,735 | 6,892 | 31,106 | 194,320 | 244,501 | 230,371 | 281,761 | 6.3 | 515,814 | 6.7 | | |
| DEC | | | | | | | | | | | | | |
| YTD | 2,328,774 | 9.2 | 18,833 | -21.1 | 75,318 | -12.1 | 292,928 | 24.1 | 1,941,695 | 8.7 | 2,318,431 | 19.6 | |

tive month.

The shipment of regular plywood was 245,000 cubic meters (up by 1.3%), and exceeded last year's high-

est monthly volume. The inventory at the end of the period was 230,000 cubic meters, down by 22.9% from 299,000 cubic meters in May last year when the inventory level

peaked. The shipment of softwood plywood was 225,000 cubic meters (up by 2.4%), and its inventory was down by 27% from May last year to 179,000 cubic meters.

Plywood Market 2nd Week January

Every year in January and February, the demand for housing tends to be low, but this year, things are different. The manpower shortage in the construction of new housing by housing manufacturers and builders is causing a delay in the work, and major precut factories are tied up with orders until February. The movement of plywood is obviously good, and at the New Year parties, those involved in plywood business look happy.

As for domestic softwood plywood, manufacturers are trying to handle a large volume of remaining orders from the previous year. As it is very cold and it is snowing heavily, there is a delay in deliveries. The inventory of domestic softwood plywood at the end of November was down to 179,000 cubic meters due to the strong shipment. The prices of softwood plywood are on the increase. However, manufacturers are hoping for the gradual price increase as they are worried that the sudden price increase will lead to a sudden decline.

The arrival of the imported plywood in November was 282,000 cubic meters. In December, the temporary demand was generated by the anticipation of the rise in prices, and with the shipment increasing, inventories at the ports have been declining steadily. As there are many factors that can lead to the price increase, local shippers remain bullish, and the prices of newly imported products are expected to increase further. There is also a concern for the impact of the sudden decline in the yen's value, and in the domestic market, prices of products including 12 mm items are expected to increase further.

News in Brief

In the 46th general election of the members of the House of Representatives, the Liberal Democratic Party and the New Komeito party gained 325 seats, more than two-thirds of the seats in the House of Representatives. The political power for the near future was set. Beginning with policies such as the "Forest and Forestry Revitalization Plan" and the "Law Promoting the Use of Wood in Public Buildings", the previous administration controlled by the Democratic Party put forth policies that carried out the idea of "from concrete to wood" that was extolled by Hirotaka Akamatsu, the former Minister of Agriculture, Forestry and Fisheries, with other measures such as the "Eco-Point System for Housing" and the "Fixed Price Purchasing System for Renewable Energy". These were mostly agreed to by the governing parties and the opposing parties, and with the change in political power and administration, the tide in "promoting wood and lumber" is seen as not changing.

Compiled by the Aichi Wooden Housing Precut Council, the results of precut lumber processing for traditional wooden homes (17 factories) in November totaled 68,439 tsubo (1,858 homes; 1 tsubo = about 3.3 m²) increasing 0.2% compared to the same month in the previous year and increasing 0.1% compared to the same month and narrowly recording the highest amount for the year for a single month. A recovery trend could be seen in the new housing starts in October. Precut lumber processing was struggling in the first half of 2012, but it rallied in the second half of the year, and for two consecutive months in October and November, the results exceeded the results of the same months in the previous year. The cumulative total in processing from January to November was 658,246 tsubo (17,873 homes) decreasing 5.4% compared to the same period in the previous year. The amount of processing in December is expected to be 65,879 tsubo (1,763 homes). Because of the holidays at the end of the year and the beginning of the year, the forecast for January showed no factories responding with "increase", 3 factories responding with "decrease", 5 factories responding with "slight decrease", and 9 factories responding with "unchanged".

Nice Holdings, Inc. (Yokohama City) recently revealed that the company is moving ahead with plans to construct a lumber factory in Komatsushima City, Tokushima Prefecture. At a prefecture assembly held in November, Kamon Iizumi, the governor of Tokushima, announced that the company has informally decided to set up on prefecture owned land in Komatsushima City. On the same day at a meeting announcing its second quarter business results, Nice said, “We’re looking into constructing a facility that will conduct the manufacturing of lumber from domestic logs until the drying process using a site of about 34,000 square meters.” Furthermore, it said, “Our company owns a forest called ‘Forest of Nice Tokushima’ in Tokushima Prefecture. Also in Tokushima Prefecture, we’re moving ahead with an increase in production of lumber products with “Next Generation Project,” and we’d like to manufacture a lot of lumber products in Tokushima Prefecture using the resources of our company forests.” In the future, the company, Tokushima Prefecture, and Komatsushima City are scheduled to conclude a memorandum concerning the construction of the lumber factory. An outline of the factory is still undecided.

The amount of imported hardwood from the temperate zone regions of North America (America and Canada), China, and Russia in October (compiled by the Forestry and Lumber Promotion Division of Hokkaido Government and based on customs statistics) totaled 146 m³ (41.7% increase compared to the same month in the previous year) for logs increasing compared to the 70 m³ in the previous month, but as before, the low level of imports is still continuing. The amount of logs received in the average year decreased from summer to autumn. North American logs, which holds the largest share, totaled 140 m³ (41.4% increase), which was larger than the 99 m³ in the same month in the previous year, but it was a fairly low level. The amount of Russian logs continued from the previous month to be zero. Chinese logs also totaled 6 m³ (50% increase) increasing from the same month in the previous year, but it stalled at a trifling amount. Especially the cumulative total from January to October from China was 853 m³ decreasing about 40% compared to the same period in the previous year. On the other end, the amount of lumber products received in October totaled 8,513 m³ (5.8% increase) increasing for the first time in three months. Lumber products from the main country of North American totaled 5,719 m³ (23.7% increase), and Russian lumber totaled 848 m³ (57.6% increase) increasing for both countries. Chinese lumber totaled 1,946 m³ (32.5% decrease) falling below the results of the same month last year for nine consecutive months, and the cumulative total also decreased about 30%.

Heian Corporation (Hamamatsu City) recently developed a line of wood-working machinery for 2x4 lumber called “2x4 Universal Cut Saw Line TWF-201”. With a decreasing trend in the amount of new housing starts, housing starts of 2x4 constructed homes is showing a steady growth such as exceeding 100,000 units annually nationwide. Under these conditions, the company judged that certain needs can be responded to. Because there was also demand from customers, the company decided to add 2x4 lumber processing machinery to the product line-up. The line has a compact space design with a length of 21 meters and a width of 5 meters, and depending on the rotation and angle of the saw, various kinds of cuts can be made from straight cuts to angled cuts. Sizes of 2x4, 2x6, 2x8, 2x10, and 4x4 can be made. The line can process a length of 140 mm as the shortest length to 6,100 mm as the longest length. Cuts of shorter lumber of below 140 mm are possible by processing “cut-off” material, and to differentiate these cuts from “end-cuts” of lumber, they are marked off and processed. Also because the conveyor machine transfers the lumber according to its length, the precision of the processing is heightened.



The Japan North American Lumber Conference held its 48th regularly scheduled board of directors’ meeting on December 7 last year in Tokyo, and announced the demand forecast of North American lumber based on area for 2013. According to the forecast, the nationwide demand forecast for 2013 for North American logs is 3.231 million m³, and the demand forecast for lumber products is 2.738 million m³ with logs increasing 5.0% compared to the previous year and lumber products increasing 2.0%. With the amount of demand increasing for both compared to the previous year in the background, the amount of new housing starts for 2013 is expected to shift to a bullish tone. The top area for log demand is the 1.50 million m³ of the Chugoku region, which includes the lumber factories of Chugoku Mokuzai Co., Ltd. and other large scale lumber factories, and the amount of demand for the Keihin region, which includes the Kashima Lumber Factory of Chugoku Mokuzai, is expected to be 0.74 million m³ (6.0% increase compared to the previous year).

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On the other hand, the top area for demand for lumber products is the Keihin region with 1.197 million m³ followed by the Hanshin region in second with 0.50 million m³, and the Nagoya region in third with 0.36 million m³. Demand for North American lumber for 2013 was summed up as follows: “Supported by a good condition in housing starts, it is expected to shift to a bullish tone, but supplies in the producing regions are in a decreasing trend, and because a rise in prices is expected, attention must be paid.”

The Mie Prefecture government recently announced that it has abandoned plans for thermal power generation using composite fuel of woodchips produced in Mie Prefecture at the Hekinan Thermal Power Plant of Chubu Electric Power Co., Inc. As a way to get involved in the increase in demand for woodchips produced in Mie Prefecture, the prefecture government and Chubu Electric conducted trial tests of thermal power generation using composite fuel of coal and woodchips from the end of February to the beginning of March of last year at the power plant. After analysis, a number of problems were identified, and after consulting woodchip suppliers, the plans were abandoned. If the plans were to have started, 10,000 tons of woodchips would have been supplied to the power plant. The main reasons for abandoning the plans were as follows: 1) with prefecture produced woodchips, maintaining the fuel mix ratio of common, imported woodchips is difficult, and removing the bark and suppressing the fuel mix ratio became necessary, and 2) from the Chubu Electric Power side, “We understand the social contribution of revitalizing the forest industry by generating thermal electric power with the use of woodchips produced in the prefecture as a composite fuel, but from the viewpoint of promoting the use of renewable energy, a fuel mix ratio with common, foreign produced woodchips is necessary, and solving these problems is difficult.”

Sponsored by the Wood Board Section of the Wood Technological Association of Japan (public corporation) **with the cooperation of the Japan Fiberboard and Particleboard Manufacturers Association, the 21st Wood Board Section Symposium titled “Wood Boards Taking an Active Part in the World”** was held on November 27 at the Shizuoka Convention and Arts Center “Granship”. As a meeting commemorating its 20th anniversary, the symposium was held jointly with the international symposium, “BIOCOMP 2012”, from November 28 to 30 at the same location, and with guest speakers invited from overseas, the event took place with an international flare. The following five lectures were conducted: “Concerning Trends in Chinese Wood Boards” by Du Guanbe of Southwest Forestry University, “Concerning Trends in European Wood Boards” by Kris Wijnendaele of the European Panel Federation, “Concerning Trends in Malaysian Wood Boards” by Nicholas Andrew Lisseem of the Sarawak Timber Industry Development Corporation, “Report on the Present Status of ISO/TC89” by Tatsuya Shibusawa of the Forestry and Forest Products Research Institute, and “Durability Evaluation of Wood Panels” by Noboru Sekino of the Agricultural Department of Iwate University.



Kuwabara Mokuzai Co., Ltd. (head office: Inuyama City, Aichi Prefecture) recently **installed a new line of lumber manufacturing equipment at its Kanayama Factory** located in Gero City, Gifu Prefecture. The new equipment for the lumber production line includes 2 band saw machines, an automatic feeding cart to convey the lumber for sawing, and a sorting machine, and other new machinery includes a barker, chipper, and a low temperature drying machine.



The machinery for the new production line was manufactured by Ohi Seisakusho Co., Ltd. (Shimada City, Shizuoka Prefecture), and the company also supervised the other equipment and machinery. With the new lumber manufacturing machinery, the amount of production per day is 25 m³ (based on logs) using both number 1 and 2 machines. As a result, the amount of log consumption at the factory is expected to increase a large amount, and along with the previous equipment and facilities, the amount of consumption of 7,000 m³ annually in five years is being targeted, but exceeding this target in the first year is also seen as possible. In the future, an increase is expected in use of lumber for the interior and for flooring, and the production of cypress boards is

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considered to be important for the new machinery. In addition, the company has been sending about 3,000 m³ of logs annually to its factory in Dalian, China for sawing, but this process will stop, and in the future, boards that are sawn at the Kanayama Factory will be sent to Dalian for second and third stage processing.

Compiled by the Tokai 2x4 Council (12 member companies), which is comprised of companies involved in components for 2x4 constructed housing, **the results of processing in November 2012 showed 357 homes** (13,939 tsubo) **for panel processing and 43 homes** (1,296 tsubo) **for fixed size shipments for a total of 400 homes** (15,235 tsubo). The cumulative total for January to November was 3,518 homes (142,002 tsubo) for panel processing and 420 homes (14,550 tsubo) for fixed size shipments for a grand total of 3,938 homes (156,552 tsubo). Continuing from October, all the member companies were extremely busy. The amount of work is expected to increase further in December, and nearing exasperation, one member said, “We have exceeded the production capacity in my company.” However, the sudden rise in price of lumber is foreseen as dragging on, so all the member companies are requesting an increase in unit sales price from their customers, but unable to reach an agreement, many products do not match their costs. One member explained, “Under these conditions, if the price of plywood goes up, we will not know what to do,” so all the member companies are quickly working to negotiate a rise in unit price with customers.

The Japan Wood Preservers Industry Association collected and recently **announced the amount of production of preserved lumber in the second quarter (April to June) of 2012**. The total amount of production was 47,887 m³ (8.1% increase compared to the same term in the previous year). Within this amount, the main product of foundations for housing was in good condition totaling 26,265 m³ (14.4% increase) and showing a double-digit increase for the second consecutive quarter. Because housing starts increased compared to the previous year, the increase in production rode along on this increase. Other preserved lumber used for construction totaled 13,634 m³ (same as the previous year). Preserved lumber for outdoor use such as wood decks and play equipment totaled 3,827 m³ (3.9% increase), and railroad ties totaled 2,642 m³ (6.4% increase) increasing for both. In the future, the construction of large scale, wood constructed buildings such as public buildings is expected to increase, and a production increase especially in lumber for outdoor use and for other construction use such as posts is expected.

The National Laminated Veneer Lumber Association, a general corporation, **held its 3rd board of directors’ meeting for fiscal 2012 on December 14 in Tokyo**. First in his greetings, Chairman Matsuda said, “Concerning LVL, inquiries focusing on its use in non-housing buildings has been increasing in our association. However, it is still not widely known, so pouring our effort into promoting it continuously is important.” Attending as a guest, Kazuyuki Fuchigami, the director of the Wood Industry Division of the Forestry Agency, said, “Next year, large scale, wood constructed building will be put up in Osaka and Yokohama, so at last, we are entering an era of wood constructed buildings. We’re looking forward to supplying lumber products of unquestionable quality and performance.” The development of the “rahmen” structure using “stressed-skin” panels, which the association is currently carrying out as a project, is expected to be used in the construction of schools in the future. Assuming its use for the interior of department stores, the progress of developing semi-fire resistant LVL was also reported. Lastly, the office of the association explained about the revision of the LVL-JAS proposed by the Ministry of Agriculture, Forestry and Fisheries, problems with preservation treatment against rotting and insects, and construction of the Internet homepage.



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