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Forestry Agency's New Projects for fiscal 2009



As its new projects for fiscal 2009, Forestry Agency will focus on the following three issues: (1) Promotion of horizontal affiliation system in processing regional timber, (2) Improvement of horizontal affiliation system in processing regional timber, and (3) Emergency measures for the lumber industry in its structural reform including changing the materials. It is watched whether they can replace former ones such as “New project for distribution and processing system to expand the use of domestic lumber” implemented in 2004-2006 and “New production system project” in 2006-2010.

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Implementation period of “Promotion project of horizontal affiliation system in processing regional timber,” in which regional small scale sawmills collaborate with core factories, is five years from fiscal 2009 to fiscal 2013. Budget for this project is about ¥71,000,000. The agency will support 50% at a fixed amount.

At present, lumber processing systems are divided into three groups according to the types of forest resources and the facilities in the region.

The first type is “large scale (single-handed) type,” in which one factory pursues advantage of scale by doing procurement of logs, manufacture, and sales. The second one is “vertical cooperation type”, in which both the upstream side and the downstream side such as forest owners, sawmills, and builders in the area cooperate in unique approaches to respond to consumers’ needs just like in the project of “house building with traceable materials”. The agency has already started supporting for those two types.

This time it has started supporting the third “large scale cooperation type”, in which multiple factories doing primary processing works (rough sawing) and core factories doing secondary processing works (dry and finish) join hands to make big groups.

As small sawmills consume 50% of logs including imported ones, the agency will support small sawmills which are trying to change their products and core factories which will collaborate with sawmills which are trying to change their materials to domestic ones. The

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Forestry Agency's

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agency will help them with building cooperation systems from the upstream to downstream by giving technical guidance and management services.

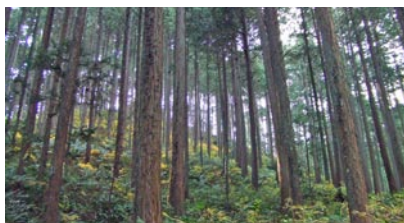
(1) For small scale sawmills which are trying to change their products (sawmills which are trying to change their materials to domestic logs), the agency will give technical guidance and management services about facilities they will install and the change of the items. (2) It will give technical assistance for core factories in drying techniques and commodity management. And it also will support costs of tests to improve the quality of products. (3) For the regional councils, consists of log producers, small sawmills, core factories and precut factories, the agency will give counsels for multiple small sawmills and core factories to build systems to produce high-quality commodities.



To cope with the second issue "projects to improve horizontal affiliation systems in processing regional timber", the agency will use about ¥13 billion (fiscal 2009) from the subsidy for forests, forestry and the lumber industry. The implementation period is three years from fiscal 2009 to fiscal 2011. The rates of the grants will be 50%, 40%, one-thirds, and etc.

The contents are as follows. (1) Support for changing the products (e.g. installation of wood

processing facilities required when manufacturers make high-quality products jointly with core factories, or when they try to shift their materials to domestic logs) (2) Support for quality improvement and streamlining of distribution (formulation of systems, in which members are distributed by package for each house, and efficient distribution centers, by sharing facilities and CAD information) (3) Support for stable supply of logs (It will support manufacturers to install high-performance forestry machines and to maintain strip roads in order to stably secure logs when they make good-quality and high-performance products jointly with core factories.)



To cope with the third issue "Emergency measures for the lumber industry in its structural reform such as changing the materials," (1) the agency will subsidize the interests in long-time loans for

installing machines or stabilize their businesses when sawmills, which were using imported logs, try to change their materials to domestic logs owing to the unforeseeable situation of imported logs. (2) It also will support the interests for debts required to install facility for business diversification or low-cost manufacturing. (3) And it will subsidize the installation of lease contracts of facilities for efficient supply of lumber. Implementation periods are planned to be three years for both (1) and (2), and four years for (3).

**Wholesalers' View;
Southsea Timber
Market in February**

The monthly meeting of the Tokyo branch of the Japan Southsea Lumber Conference was held on March 3 in the Shinkiba area of Tokyo. Since the start of the new year, the price of Southsea logs has become slightly stronger at the producing regions, but the price in Japan is continuing

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to be soft nationwide due to a slump in sales of products (plywood and lumber products). With indicators holding steady, the price of logs in February were rated to be about the same level as in the previous month.

The domestic prices of logs for plywood at the end of February were 7,800–8,000 yen (per koku) for Sarawak logs, 6,800–6,900 yen for Solomon logs, and 7,300–7,400 yen for Papua New Guinea logs. Prices of Sarawak logs were down by 100 yen at both the top and bottom of the price range compared to the previous month, while prices of Solomon logs and Papua New Guinea logs went up by 200 yen at both the top and bottom from the previous month. "The prices did not undergo a change, rather the difference in prices would derive from the difference in qualities of items or in terms of exchange rates," said the meeting attendee. As

FOB of Southsea Logs

(US\$ per cubic meter)

	2008		2009		
	Highest	Lowest	Jan.	Feb.	Mar.
			2nd Week	1st Week	1st Week
Sarawak Logs					
Meranti SQ-up	218-222	191-195	207-211	207-211	206-210
Meranti Small (Small 70%, S.S. 30%)	175-179	145-149	164-168	161-165	158-162
Ocean Freight					
Sarawak	48.8	42.5	48.1	47.1	45.3
PNG	56.5	56.5	-	-	-
Yen/US\$	-	-	92.1	90.6	97.4

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

the market situation unchanged, the market indication was holding.

Prices of logs for lumber were 16,400–16,600 yen for Sabah logs, 11,000–11,600 yen for Apitong/Keruing and 11,100–12,100 yen for Melapi. Prices of Sabah logs were up by 200 yen at both the top and bottom of the price range compared to the previous month, while prices of Apitong/Keruing were down by 200 yen at the top and by 400 yen at the bottom

from the previous month. Prices of Melapi were down by 200 yen at the top and by 300 yen at the bottom compared to the previous month. Though the Price of lauan logs is rated, the business of lauan logs can be hardly seen nationwide. The price of lauan logs is nominal. Market indication was holding, same with logs for plywood.

As for conditions in the producing
(Continued on Page 4)

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- Concrete Vat w/Steel Liners;
- JWI Water Squeezer "J Press"
- Press Manuf. Co. Veneer Press, Rebt
- Babcock 17' Veneer Dryer w/1985 Babcock Vacuum Infeed
- 1995 Babcock 14' Veneer Dryer w/1995 Babcock Vacuum Infeed
- (2) Babcock 14' Veneer Dryers w/1985 Babcock Vacuum Infds
- 1991 Babcock 14' Veneer Dryer w/1991 Babcock Vacuum Infd
- (4) Veneer Rip Saws

Note: All Slicers Regearred.

- Capital 165" Slicer w/1998 Merritt Vacuum Table
- (2) Capital 185" Slicers w/Hyd. Extension Dogs
- Capital 154" Half Round Slicer w/2000 Premier Stay Log
- Capital 165" Slicer w/DC Drive; 2003 Merritt Vacuum Table
- Capital 213" Slicer w/DC Drive
- 1996 Capital Fitch Planer, 39 x 210" Top & Bottom Heads; Groover Attach.
- Sawmill, Loaders, Forklifts**

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- RFR Veneer Guillotine DG46 Clippers (1) 816", (2) 160" & (1) 214"
- (2) Cremona 48" Clippers
- (2) Comact Auto. Measuring Belts
- (2) Fezer 48" MG150 Clippers

HOGS & GRINDERS:

- M & M 305 & Capital 36" Veneer Hog
- C2000 Grinder w/Hyd. Pusher
- Globe 60 Hp Hog 36" Auto Press
- (2) 1998 Toyo 221" Knife Sharpeners
- Cremona AF4600 Knife Grinder, 181"

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Southsea Timber Market

(Continued from Page 3)

regions, the weather in Malaysia has settled down after heavy rains. However, bridges and roads continue to be in unusable conditions, so logs are not reaching the local plywood factories, which are low in log inventories. The price of logs, which shippers are pushing for, is in a rising trend.

Although log prices are in a future rising trend, buyers in Japan are in a situation in which logs cannot be bought. A fair amount of log inventories are still left over at ports such as Niigata and Gamagori where Southsea logs are unloaded. Reflecting the poor movement of products, the motive to purchase logs by plywood factories is extremely low.

It was learned that a new logging regulation, the Reduce Impact Logging (RIL) system, will come into effect in Sabah, Malaysia in 2010. With this regulation, logs will have to be carried out by using

wires because tractors and other such large vehicles will be restricted from entering mountain roads. With the exception of specific forest areas, it is believed that clear-cut logging will no longer be allowed, and the effect of this is causing anxiety.

The amount of imported Southsea logs in January 2009 was 68,200 m³, and the amount of shipments was 52,700 m³. At the end of January, log inventories amounted to 235,650 m³ and 4.08 months.

In detail, the shipment of logs was 44,300 m³ for plywood and 8,400 m³ for lumber. Among the shipments for lumber, 88% of the total was consumed by three areas: 3,200 m³ for Aichi, 2,100 m³ for Kinki, and 2,100 m³ for Chugoku, but according to one attendee of the meeting, "All of it is mostly PNG or Solomon material, so it's being sawn for packaging material." It was also learned that from these numbers lauan logs are also not being used for lumber.

It was announced that the import of Southsea lumber products in January 2009 totaled 66,900 cubic meters, out of which, 12,850 cubic meters were for lumber, 20,200 cubic meters for processed lumber and 33,900 cubic meters for free boards. As for country-by-country, China had the biggest arrival of 30,800 cubic meters while Malaysia and Indonesia received 16,400 cubic meters and 14,900 cubic meters respectively. The arrival of free boards from China exceeded 20,000 cubic meters.

The movement of lumber products in Japan was in a slump in January and February. Trading firms and wholesalers are working to reduce inventories, and depending on the kind, a slight shortage of some products has also appeared, but it has not led to a rise in prices. One attendee said, "Unless there is an increase in the amount of sales of products, a rise in price will not occur." People involved in the market are intently waiting for a recovery in the movement of products.

Supply/Demand of Southsea and African Logs

(1,000 cubic meters)

	Southsea Logs										African Logs					
	Import						Demand			Stock	Import	Demand			Stock	
	Total	Sabah	SRWK	Indonesia	Slmn.	PNG	Total	for PW	for Lbr			Total	for PW	for Lbr		
2004	1611.9	198.4	1017.9	0	64.9	330.4	1645	1490	159.8	364	63.2	79.5	76.6	2.82	2.4	
2005	1367.7	240	834.1	0	74.1	204.3	1465	1318	145.5	300	17.85	10.6	8.03	2.65	2.4	
2006	1405.3	260.7	813.48	0	106	188.9	1319	1189	129.6	353	7.45	9.65	7.31	2.43	1.8	
2007	1020.7	179.6	576.5	0	101	163.6	1080.1	957.4	122.7	312.8	9.3	9.2	6.9	2.3	2.0	
2008	727.8	119.1	445.9	0	51.8	100.8	820.5	711.6	108.8	220	4.7	5.6	4.2	1.4	1.0	
Jan.	67.9	22	32.5	0	9.6	3.8	78.2	67.7	10.5	302	0.12	0.55	0.41	0.13	1.5	
Feb.	49.6	0	35.6	0	0	14	85.9	74.7	11.1	266	0.13	0.40	0.3	0.1	1.3	
Mar.	78.2	14.6	48.5	0	6.7	8.3	74.4	65.7	8.6	270	0.49	0.39	0.29	0.09	1.4	
Apr.	72.9	14.9	43.0	0	6.5	8.3	77.9	67.9	9.9	265	0.42	0.36	0.27	0.09	1.4	
May	36.0	0	24.1	0	0	11.9	66.3	57.8	8.5	234	0.56	0.54	0.43	0.14	1.4	
June	49.4	0	36.1	0	6.7	6.5	79.3	71.6	7.6	204	0.86	0.63	0.47	0.15	1.6	
July	61.6	17.5	37.7	0	0	6.3	68.8	60.3	8.5	197	0.27	0.65	0.49	0.16	1.2	
Aug.	77.6	5.8	46.6	0	6.1	18.9	65.4	57.1	8.3	209	0.68	0.48	0.36	0.12	1.4	
Sep.	36.7	7.4	23.0	0	0	6.2	54.9	46.5	8.4	191	0.42	0.44	0.33	0.11	1.4	
Oct.	76.3	16.7	46.9	0	9.6	3	52.3	45.5	6.8	222	0.13	0.34	0.26	0.08	1.2	
Nov.	63.8	4.5	51.7	0	6.4	1	67.3	56.5	10.7	218	0.51	0.34	0.26	0.08	1.3	
Dec.	57.2	15.3	29.7	0	0	12.1	56	46.6	9.4	220	0.16	0.46	0.34	0.11	1.0	
2009																
Jan.	68.2	17.2	24.2	0	9.7	16.8	52.6	44.2	8.4	235	1.03	0.45	0.34	0.11	1.6	

Housing Data:
Housing Starts in January

Announced on February 27 by the Ministry of Land, Infrastructure, Transport and Tourism, new housing starts in January continued to decrease as in the previous month to 70,688 units (18.7% decrease compared to the same month in the previous year). The floor surface area also decreased for the third consecutive month to 5.66 million m² (18.7% decrease). At a seasonally adjusted annual rate, the total was 957,000 units falling below the 1.0 million level for the first time since last November.

The two-digit decrease was the first in 7 months since the 16.7% decrease in June of last year.

Due to the economic recession, consumption is freezing up. The desire to acquire housing is declining. Even with a scheduled purchase, a tendency to postpone it for the future can be seen. Orders for precut lumber are also feeling this effect, and since the start of the year, orders have sharply decreased, and inquiries about building materials have also been directly affected.

In the new housing starts for January, all areas including owner-occupied homes, rental units, and condominiums showed a decrease. Classified by type of use, owner-

occupied homes fell for the fourth straight month to 20,057 units (10.8% decrease). Continuing from the previous month, rental homes also decreased to 31,628 units (18.4% decrease). Condominiums decreased for the seventh straight month to 10,741 units (25.1% decrease), and single-unit family homes decreased for the fourth to 7,602 units (27.2% decrease). The total number of homes built-for-sale sharply decreased to 18,434 units (26.4% decrease).

Based on type of construction method, prefabricated homes decreased for the third straight month to 12,230 units (14.5% decrease). Decreasing for the first time in nine

months in the previous month, 2x4 built homes continued to decrease to 7,167 units (13.3% decrease), and as a whole, housing construction is falling further into a decreasing trend.

Based on type of structure, wooden homes totaled 33,194 units (20.3% decrease), and non-wooden homes totaled 37,494 units (17.2% decrease), and of the total number of units, the percentage of wooden homes was 47.0 % falling 4.5 points compared to the previous month.

Based on region, all the regions except for the Chubu region had

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Housing Starts

(unit of home)

	TOTAL	Structure		Owner / Occupant			
		wooden	non-wooden	owner-occupied	rent	COH	built-for-sale
2007							
TOTAL	1,060,731	504,546	556,195	314,865	431,640	9,459	294,777
Jan.	92,219	39,790	52,429	23,475	39,868	549	28,327
Feb.	87,350	36,403	50,957	22,983	34,030	724	29,623
Mar.	99,488	40,609	58,879	26,078	29,663	236	33,511
Apr.	107,255	45,375	61,880	29,577	41,395	1,631	34,652
May	97,076	44,137	52,939	28,848	41,264	1,008	25,956
June	121,149	48,326	72,823	31,695	53,406	1,421	34,627
July	81,714	37,609	44,105	24,093	34,763	1,615	21,243
August	63,076	32,901	30,175	23,187	24,001	682	15,206
Sep.	63,018	37,917	25,101	25,431	22,749	307	14,531
Oct.	76,920	45,930	30,990	27,724	31,706	453	17,037
Nov.	84,252	47,686	36,566	26,604	38,859	311	18,478
Dec.	87,214	47,863	39,351	25,170	39,936	522	21,586
2008							
TOTAL	1,093,485	516,868	576,617	318,508	464,763	10,136	300,078
Jan.	86,971	41,666	45,305	22,480	38,776	663	25,052
Feb.	82,962	36,852	46,110	22,494	33,063	648	26,757
Mar.	83,991	39,563	44,428	24,500	30,949	1,050	27,492
Apr.	97,930	43,274	54,656	27,274	39,220	388	31,048
May	90,804	42,729	48,075	27,194	37,733	720	25,157
June	100,929	47,601	53,328	29,605	45,325	803	25,196
July	97,212	45,335	51,877	29,663	42,655	953	23,941
August	96,905	46,391	50,514	31,444	38,304	745	26,412
Sep.	97,184	45,469	51,715	30,496	37,972	2,149	26,567
Oct.	92,123	43,545	48,578	26,533	42,940	687	21,963
Nov.	84,277	42,101	42,176	23,499	39,521	739	20,518
Dec.	82,197	42,342	39,855	23,326	38,305	591	19,975
2009							
Jan.	70,688	33,149	37,494	20,057	31,628	569	18,434

*source: Ministry of Land, Infrastructure, Transport and Tourism

*COH=company owned houses to be rented to their employees, etc.

p.c.m=per cubic meter

Japanese Market Indications				
	2008	2008	2009	
	March	February	March	
North American	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Hemlock Coast No.3, 12" up	23,760	21,960	20,880	p.c.m
Douglas Fir SS No.3, 12" up	32,400	30,960	29,880	"
Douglas Fir Coast No.3, 12" up	30,240	28,800	27,720	"
Douglas Fir mid-dia., 8/11, J-sort	25,920	24,480	23,400	"
<i>Lumber</i>				
Hemlock 4"1/8 sq., 13' roof beam, std.	48,000	45,000	43,000	p.c.m
Hemlock 4"1/8 sq., 13' roof beam, KD.	61,000	57,000	55,000	"
Hemlock 3"9/16 sq., 13' purlin, std.	48,000	45,000	43,000	"
Hemlock 3"9/16 sq., 13' purlin, KD.	61,000	57,000	55,000	"
Hemlock 45x105mm, KD, floor joist, 4m	49,000	47,000	46,000	"
Hemlock 105mm sq., preserved sill, 4m	47,000	47,000	47,000	"
Douglas Fir 3"9/16 sq., purlin, std.	52,000	47,000	45,000	"
Douglas Fir hirakaku 120mm sq., Green	55,000	53,000	52,000	"
Douglas Fir 45x45mm, KD, rafter, 4m	59,360	56,000	53,760	"
Douglas Fir 45x105mm, solid, KD, floor joist, 4m	59,360	56,000	53,760	"
Douglas Fir 120mm sq., laminated, 6m	91,840	95,200	91,840	"
Douglas Fir hirakaku, KD, 3, 4m	58,240	59,360	53,760	"
Douglas Fir hirakaku, laminated, 3, 4m	89,600	95,200	91,840	"
Yellow Cedar 5" x 6W BC Clear	165,000	165,000	165,000	"
Yellow Cedar 120mm, sill (pithless), 4m	66,000	64,000	64,000	"
Spruce 8"3/4, board, Clear	195,000	195,000	195,000	"
European *some changed to new items	(Yen; wholesale prices, on truck)			
Whitewood 105mm sq., 5-ply kudabashira, home-sawn	2,000	1,650	1,500	per piece
Whitewood 105mm sq., 5-ply kudabashira, imported	2,000	1,650	1,750	"
Whitewood hirakaku, laminated, 3~6m	*suspended	*suspended	*suspended	p.c.m
*Whitewood 30x105mm, solid, 3m, Central	52,000	50,000	49,000	"
*Whitewood 30x105mm, solid, 3m, Nordic	52,000	51,000	49,000	"
*Whitewood 27x105mm, solid, 3m, Central	52,000	51,000	49,000	"
*Whitewood 27x105mm, solid, 3m, Nordic	52,000	51,000	49,000	"
*Whitewood rough lamina, randam length, Central	47,000	35,000	30,000	"
*Whitewood rough lamina, randam length, Nordic	47,000	35,000	30,000	"
Redwood hirakaku, laminated, 3~6m	62,000	57,000	54,000	"
Dimension Lumber	(Yen; wholesale prices, on truck; green count)			
SPF 2x4~8", KD 8~20' J-grade	37,000	35,000	33,000	p.c.m
SPF 2x10", KD 8~20' J-grade	40,000	38,000	36,000	"
Whitewood 2x4~8", KD 8~16' J-grade	38,000	36,000	34,000	"
Whitewood 2x10", KD 8~16' J-grade	47,000	45,000	43,000	"
Japanese	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Japanese Cedar (Akita) 3.65-4m, 14-22cm dia.	10,300	9,900	9,800	p.c.m
Japanese Cedar (Fukushima) 3.65-4m, 14-22cm dia.	13,600	13,100	13,000	"
Japanese Cedar (Fukuoka) 3.65-4m, 14-22cm dia.	13,000	12,300	12,000	"
Japanese Cypress (Fukushima) 3.65-4m, 14-22cm dia.	29,700	29,700	29,700	"
Japanese Cypress (Gifu) 3.65-4m, 14-22cm dia.	23,700	21,600	20,200	"

Whitewood hirakaku, laminated, 3~6m *suspended due to a decrease in its distribution

1.*is the price of Whitewood 30x105mm, finger-jointed, 3m

2.*is the price of Whitewood 45x105mm, finger-jointed, 3m

3.*is the price of Whitewood lamina, S4S, post use

Japanese Market Indications				
	2008	2008	2009	
	March	February	March	
Japanese	(Yen; wholesale prices, on truck)			
<i>Lumber</i>				
**Japanese Cedar post 10.5cm sq., 3m	42,100	42,100	42,000	p.c.m
Japanese Cedar post 10.5cm sq., 3m KD	60,300	60,600	60,100	"
**Japanese Cedar roof beam 10.5cm sq., 3.65-4m	42,700	42,100	42,000	"
Japanese Cypress post 10.5cm sq., 3m	68,100	66,700	66,300	"
**Japanese Cypress post 10.5cm sq., 3m, KD	85,400	80,200	79,100	"
Japanese Cedar rafter (Akita)	*suspended	*suspended	*suspended	"
Japanese Cedar kowari lumber (Akita)	280	280	280	per piece
NEW***Japanese Cedar 2.7 x 10.5cm, KD (Kyushu)	54,000	61,000	61,000	p.c.m
Russian	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
Whitewood mid-dia., short-length in Toyama market	5,700	6,200	5,800	per koku
Larch mid-dia., short-length in Toyama market	5,900	5,700	5,200	"
Red Pine mid-dia., short-length in Toyama market	6,200	6,800	6,800	"
<i>Lumber</i>				
Whitewood rafter in Chukyo market, Green	48,000	55,000	53,000	p.c.m
Whitewood rafter in Chukyo market, KD	59,000	64,000	63,000	"
Whitewood rail in Chukyo market	49,000	56,000	54,000	"
Red Pine rafter in Tokyo market	48-50,000	58-59,000	57-58,000	"
Red Pine nuki in Tokyo market	51-53,000	59-61,000	58-60,000	"
Radiata Pine	(Yen; wholesale prices, on truck)			
<i>Logs</i>				
New Zealand, A-sort	4,800	4,300	3,700	per koku
<i>Lumber</i>				
board, Chile				
12.0mm x 4m, random width (120,150, 180, 210mm)	34,500	34,500	32,500	p.c.m
Southsea	(Yen; wholesale prices, on truck)			
<i>Logs for plywood</i>				
Meranti (Hill SRWK) ordinary lot	8,050	7,825	7,675	per koku
Meranti (Hill SRWK) small lot	6,650	6,300	6,300	"
Taun & Calophyllum (PNG) lot	-	-	-	"
Kapur (SRWK)	9,700	8,950	9,100	"
Plywood	(Yen; wholesale prices, on truck)			
Type II 2.3mm x 910 x 1820, F4-star	480	480	480	per sheet
Type II 4.0mm x 910 x 1820, F4-star	660	660	660	"
Type II 5.5mm x 910 x 1820, F4-star	780	780	780	"
Concrete form (CF) Type I 12.0mm x 900 x 1800	1,180	1,200	1,200	"
Imported CF JAS 12.0mm x 900 x 1800	1,030	900	900	"
Imported structural PW JAS 12.0mm x 910 x 1820, F4-star	1,100	1,000	1,000	"
Structural Softwood PW 12.0mm x 910 x 1820, F4-star	830	800	780	"
Structural Softwood PW 24.0mm x 910 x 1820, F4-star	2,000	1,900	1,868	"
OSB	(Yen; wholesale prices, on truck)			
JAS 9.5mm x 910 x 2440	920	770	740	per sheet
JAS 12.0mm x 910 x 1820	870	770	750	"

*suspended due to decreasing its dealing

***New item since since January 2009

Housing Starts in

(Continued from Page 5)

a two-digit decrease: the Tokyo metropolitan area with a 19.4% decrease, the Chubu region with a 4.3% decrease, the Kinki region with a 23.7% decrease, and other regions with a 21.2% decrease.

m³ (31.6% decrease) for China, and among the overall decrease, only logs from Russia increased.

(25.9 % decrease) falling sharply for all.

The overall amount of lumber received in December of last year was 6,303 m³ (19.8% decrease compared to the same month in the previous year), almost a 20% decrease. The amount of North American lumber, which accounts for more than half the total, was 3,696 m³ (20.4% decrease) while China was at 2,275 m³ (17.8 % decrease) and Russia was at 332 m³

The cumulative total from January to December was 97,791 m³ (14.9% decrease compared to the previous year), the first decrease in three years. In detail, North American lumber was at 54,807 m³ (12.6% decrease), China was at 35,141 m³ (15.6% decrease), and Russia was at 7,843 m³ (26.0% decrease) showing a 2-digit drop for all three.

Amount of Hardwood

(Continued from Page 12)

received from the main country of Russia more than doubled to 9,562 m³ (126.7% increase). However, North American logs sharply decreased to 896 m³ (44 .0% decrease), and China also sharply decreased to 100 m³ (73 .5% decrease).

With these figures, the cumulative total amount received from January to December 2008 was 118,981 m³ (8.8% decrease compared to the previous year), a decrease for the fifth straight year. In detail, the amounts were 82,304 m³ (9.9% increase) for Russia, 33,429 m³ (34.3% decrease) for North American, and 3,248

Amount of Imported Hardwood from Temperate Zone According to Month and Origin

(cubic meter)

	logs			Lumber		
	America	China	Russia	America	China	Russia
2007	50,912	4,746	74,860	62,703	41,617	10,594
Oak-07	26,873	1,057	21,489	8,733	13,906	1,783
2008	33,429	3,248	82,304	54,807	35,141	7,843
Oak-08	15,857	1,368	24,133	8,648	9,796	1,686
2008 Jan.	4,319	932	5,832	4,387	2,618	167
Feb.	4,103	917	14,124	4,073	2,631	992
Mar.	3,188	580	6,154	4,268	2,695	1,260
Apr.	6,356	415	10,089	4,764	2,840	532
May	6,373	164	11,273	4,889	2,994	658
Jun.	2,699	0	2,935	4,133	3,825	801
Jul.	2,893	72	6,940	5,345	3,886	786
Aug.	1,228	47	7,942	4,654	3,822	961
Sep.	609	0	2,727	4,290	2,886	125
Oct.	349	0	3,116	4,545	2,752	580
Nov.	416	21	1,610	5,763	1,917	649
2008 Dec.	896	100	9,562	3,696	2,275	332
Dec. y/y	-44.0%	-73.5%	126.7%	-20.4%	-17.8%	-25.9%

Plywood Market 1st Week March

March has come, but the movement of plywood remains sluggish. Due to the slump in the housing construction, plywood demand is weak, which seems to be offsetting all serious efforts that the supply side is making in order to achieve a market recovery.

The production volume of domestic plywood in January was 170,000 cubic meters, down by 15.9% from the previous year, out of which production volume of softwood plywood was 137,000 cubic meters, falling below the shipment volume of 178,000 cubic meters by 39,000 cubic meters. Softwood plywood inventory went down to 244,500 cubic meters, reflecting the impact of desperate efforts by manufacturers to reduce output.

The arrival of imported plywood in January was 272,500 cubic meters. The arrival was somewhat larger than expected, but the floor base accounted for around 25% of the total. The arrival of regular plywood continued to stay low in December and January, and in the domestic market, the number of items in short supply is increasing. As many companies are closing the book in March, there is a strong concern that products might be sold at reduced prices to get cashed.

News from China

Source: China Wood Monthly Market Report(www.chinawood.net), Vol.4 No.2, February 2009

A Brief Overview of China's Exports & Imports of Wooden Windows and Doors in 2008

In 2008, the global financial crisis has led to economic depression, and also brought about negative influences on China's economic development. China's imports & exports of wooden windows and doors, has just been unfolding in recent years, was badly attacked. The following are statistics released by China's customs

First is the quite remarkable disparity of China's imports and exports of wooden windows: in 2008, there are 33 005.05 t, nearly 30 times, more exports than imports; In terms of value, there are \$115.0252, over 100 times, more exports than imports; In unit price, there were \$24.3471, over four times, more exports than imports.

Second is also the trade surplus of wooden doors: in 2008, there are 258 125.03 t more exports than imports; In terms of value, there are \$456.26, over 200 times, more exports than imports; It is worth noticing that although the amount of imports decreased greatly, the unit price of it didn't show any slip and even there were \$3628.21, over three times, more imports than exports. Thus it was demonstrated that the price of solid wooden doors was increased rapidly in global market, and China's wooden doors is still lacking competition power.

Table 1. Exp & Imp of Wooden Windows and Doors from Jan to Oct, 2008.

	Amount(t)			Value(10,000 \$)			Unit price(\$/t)		
	2007	2008	+-%	2007	2008	+-%	2007	2008	+-%
Woodenwindow (exports)	38 297.92	34 088.25	-10.99	11 608.12	11 207.34	-3.45	3031.01	3 287.74	8.47
Woodenwindow (imports)	1 328.9	1 083.2	-18.49	105.6	92.4	-12.5	794.64	853.03	7.35
Comparison	36 969.02	33 005.05		11 502.52	45 830.03		2 236.37	2 434.71	
Wooden door (exports)	284.749.31	258 502.73	-9.22	46 524.58	204	-1.49	1 633.88	1 772.9	8.51
Wooden door (imports)	535.4	377.7	-29.46	128	45 626.03	59.38	2 390.74	5 401.11	125.92
comparison	284 213.91	258 125.03		46 396.58			-756.86	-3 628.21	

Canadian SPF Dimension Lumber

The import price of Canadian SPF dimension lumber is continuing to fall. In the beginning of March, 2x4, 2x6, and 2x8 for all items were \$440 (US dollars)/mfbm, and 2x10 was \$540/mfbm falling \$10 from the previous month for both prices. An individual from an import trading firm said, "From a negotiation standpoint, calls for \$430/mfbm and \$530/mfbm may soon be heard." Because no signs can be seen for a recovery in demand in the leading market of America, manufacturers in the producing regions can do nothing but cut down production and work to reduce remaining inventories.

The demand of dimension lumber in Japan is in "a situation of taking a breather" according to an individual involved in the market. This effect can be seen in the housing starts that were announced. In January, the number of 2x4 housing construction was 7,167 units falling sharply from the 10,000 unit level that was reached for two straight months in November and December of last year. According to major apartment construction companies, which have been driving the 2x4 market, apartment construction has decreased since entering this year. In the future, how the deteriorating economy will affect construction of apartments and condominiums that were in an extremely good condition last year will be closely watched.

News in Brief

Kubodera Co., Ltd. (Nakano Ward, Tokyo) **has developed laminated free boards made of domestic thinned cedar** and started selling them in January, in response to increasing momentum toward usage of domestic timber seen in the law of supporting long-life high-quality houses. Mr. Nobuhiro Kubodera, the president of the company, says, "Using thinned wood, which is now disposed, can contribute to environmental improvement." As the first step, it used cedar grown in Kyusyu. After letting a local sawmill primarily process the logs into KD laminas, Kubodera brought them to TBW Co. in Tianjin in China to process them into laminated lumber, and then imported them back to Japan. The sizes of the products are 4,200 in length x 500 in width x 20mm in thickness, 4,200 x 500 x 25mm, and 4,200 x 500 x 30mm. The company is also planning to develop an item with a length of 2,000mm as the material for shelf boards. Builders' purchasing price of this product is set about ¥8,400 per piece so that it can challenge laminated free boards made of mercusi pine and red pine.

Fuji House Co., Ltd. (Hamamatsu City, Shizuoka Prefecture), a builder and seller of wooden custom built home, **and its affiliate companies Nikkyo Co., Ltd. and Sunny Co., Ltd. committed an act of bankruptcy to the Tokyo District Court on January 29**, and got the decision to start the procedure on the same day. Total debts of those three companies are about ¥63,800 million. Fuji House was established in 1971. Starting from Shizuoka Prefecture, it has expanded its business area of general houses to the Kanto area and the Osaka metropolitan district with 78 branch offices and 44 show house spaces all over Japan. Last fiscal year, it completed 1,610 units of frameworks. In the fiscal year ending in March 2001 as its peak, it recorded annual sales of ¥47,380 million. However, due to environmental adversity, its business went slump with sales of ¥41,800 million in the same period of 2008. Furthermore, business investment of Nikkyo, which had been processing and purchasing construction materials, put a burden to its finance. In November 2008, Fuji House was difficult to collect funds as it became obvious that its business situation was worsening when it asked several business partners for help.



From R.C. Core Co., Ltd.'s Website

R.C. Core Co., Ltd., know as a selling company of log houses, **has recently built 23 units of built-for-sale houses in a new town in Yugarigaoka in Sakura City in Chiba Prefecture.** Though it is believed that a log house doesn't sit well with the surrounding landscape when built alone, 23 units of them can form a town. How to realize a town featuring the characteristics of log houses is the theme of the project, "A town you want to come back." When the company sold 12 units of log houses in the city two years ago, they were sold out in two days. A developer which has been creating new towns for thirty years installed log houses as it thought they match this residential area surrounded by nature. What is very interesting is how it will create an attractive town with six types of houses consist of log houses and dome houses, in addition to it, how it will take advantage of the nature and the landscape of the area designated as a historical heritage.

Sekisui House, Ltd. (headquartered in Osaka City) **has revised downward its earnings forecast announced in September 2008.** Revised figures are ¥1,515 billion (down 4.1% from the prior estimate) as the estimate for consolidated sales for the full year ending in January 2009 (from February 1, 2008 to January 31, 2009), ¥75 billion (down 16.7%) as ordinary profit, and ¥10 billion (down 79.2%) as net income. Compared with the result in the previous term, sales decreased 5.2%, ordinary profit did 34.3%, and current net earnings did 83.4%. A cancellation of a contract related to Daiba Garden City as a city redevelopment project and the slump in the real estate industry centering condominiums had hit the company. Sekisui House will post about ¥35 billion as the difference between the current price and the book value, because the land price of part of the company owned real estate sharply dropped. It also will post ¥9.299 billion as a loss from revaluation of securities. A total extraordinary loss of ¥44.3 billion will be capitalized.

In order to contribute to the wider use of forestry machinery, **the Forestry Agency** conducts a survey every fiscal year concerning the ownership of forestry machinery, and the agency recently **announced the survey results of the ownership of forestry machinery for the 2007 fiscal year.** The number of high-performance forestry machinery owned in 2007 increased by 265 units from the previous year to 3,474 units maintaining a slight increasing trend. According to type of machinery, "processors" (manufacturing machinery) accounted for the largest percentage of about one-third of the total with 1,086 units. Feller bunchers (harvesting machinery) are being further introduced in Hokkaido and have increased in the entire country by 15 units from the previous fiscal year to

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48 units. Within this amount, 44 units are owned in Hokkaido. Skidders (machinery that drag logs for gathering) and tower forwarders (machinery with towers for gathering logs) decreased in number. Concerning the operating rate of the machinery, the types of machinery with a high number of ownership have in general a high operating rate; harvesters and processors were at 57%, feller bunchers went up from the previous fiscal year, tower forwarders decreased, and not much change was seen in the others. Concerning the amount of ownership of conventional forestry machinery, the two kinds of conventional machinery that accounted for the largest amount were brushcutters with 272,909 units (4.7% decrease) and chainsaws with 228,069 units (2.1% decrease), and excluding wood grinders, all items decreased.

In collaboration with Tokyo University of Agriculture and Technology and Nagaoka University of Technology, **Forestry and Forest Products Research Institute**, an incorporated administrative agency, **has succeeded in manufacturing a high performance adhesive**. Lignin, which is derived from wood, is used as a raw material for the useful compound of 2-pyrone-4, 6-dicarboxylic acid (PDC), and after the PDC undergoes polycondensation, an adhesive is formulated that has the adhesive properties (three times the strength of epoxy resin) of bonding together metals. With the results of this research, the use of this highly value-added material made from lignin will be further developed so that an effective method is expected of using not only the approximately 8.6 million m³ of wood waste from forest land each year but also a variety of biomass such as used tea leaves from tea manufacturing factories. In order to make this technology fit for practical use, the collaborative system between the universities, government, and businesses will be further strengthened at the research facility. With plans to bring costs down, work will be conducted on creating price competitiveness with the already existing adhesives.

Established as a standard for all home construction including single-unit homes, apartments, condominiums, housing developments, reconstruction, remodeling, and repair work, **the National Green Building Standard was approved by the American National Standards Institute**. Concerning the approval of the standard, American Forest & Paper Association CEO Donna Harman said, “For the forest products industry this is significant because the National Green Building Standard’s strong recognition of wood’s environmental benefits validates what we have long said—wood is ideal for green building. Wood is renewable, traps and stores carbon, is less energy-intensive to produce and manufacture than non-bio-based materials like steel and concrete, and is energy efficient when used in building products.”

Complied by the Aichi Wooden Housing Precut Council (Aichi Mokuzou Jutaku Purekatto Kyougikai), the results of precut processing for traditional wooden homes for January 2009 (16 companies and 17 factories) were 46,288 “tsubos” (1,196 units) (Note: 1 tsubo = about 3.3 m²) decreasing 11.2% compared to the same month in the previous year and decreasing 25.8% compared to the previous month, a two-digit fall for both. The amount of “tsubos” processed was on a decreasing trend due to January and February in an average year being a period of a seasonal lack of demand, but contracting to the 46,000 “tsubo” level has not occurred for four years since January 2005. The amount of processing scheduled for February is expected to recover over the 50,000 level to 50,900 “tsubos”, but recently, the trend of postponing “construction estimates” has been rising. The amount of processing for January was at first scheduled to surpass the 50,000 level, but in actuality, uncertainty of future prospects such as a decrease of about 4,000 “tsubos” has become a step darker making predictions very difficult. The expectation for February has “a slight increase” by 2 factories, “unchanged” by 11 factories, “a slight decrease” by 2 factories, and “a decrease” by 2 factories.

An exhibition of Japan-EU Trade Development Campaign named “EU Gateway to Japan” in the fields of building materials and building techniques was held at Hilton Hotel Tokyo on February 4-5, 2009. Twenty-two European companies related to those fields made presentations and actively changed information with Japanese clients. Concerning lumber, companies dealing with general lumber, laminated lumber, solid wood panels, thermo wood, flooring materials, and window frames participated from Lithuania, Sweden, Slovenia, Finland, the Czech Republic, and Latvia. Participants highly appreciated this event



saying; “This exhibition is a good opportunity for us to make the first step to the Japanese market. We would like to make use this experience to our future business.” (A Swedish lumber company) or “This project is really helpful because it is difficult for us to enter into the Japanese market due to the difference of language and culture. To participate in this project will promote our credit.” (A Finnish lumber company)

Meeting:

AHEC Held a Round-Table Conference on American Hardwood

The American Hardwood Export Council (AHEC) held a round-table conference on American hardwood at the ANA InterContinental Tokyo located in Tokyo on February 23. 6 architects who were end-users and people in charge from 2 major American hardwood distribution companies and furniture-manufacturing company attended the conference. Participants had a lively exchange of views.



At the beginning of the conference, Mr. Takenobu Kitade made a presentation on a case property which he worked on for the American Hardwood Eco Interior Project 2006. For this case property, he used American hardwood for the interior of the beauty salon. The bright and soft wood color established the strong impression of freshness for the space. American hardwood solid wood was also used for the floor, but no major problem has been reported so far according to Mr. Kitade.

After the presentation, participants had a free discussion. The agendas were 1) problems regarding the distribution of American hardwood interior materials, 2) coating of American hardwood solid floor materials (including floor heating) and construction, 3) effective use of American hardwood as materials for interior and furniture, and 4) methods to provide architects with information on American hardwood.

Regarding the agenda 1), distributors said that they started establishing access to the market by delivering American hardwood in processed forms such as floorings with prices finally reaching the reasonable level for customers to use American hardwood. They also mentioned that encouraging customers to use sizes distributed in the U.S. (existing sizes) would be another way to go in gaining the price merit.

As for the agenda 4), the increase in the usage of red oak whose logs the U.S. has in quantity, utilization of American hardwood as staircase materials, and application of mark of origin to materials were suggested. Architects pointed at the impending, critical issue, saying that there was a possibility that the introduction of the law regarding the implementation of warranty against housing defects in autumn this year would make solid wood unusable for casing.

Statistics:

Amount of Hardwood Received from the Temperate Zone 2008

According to the Hokkaido Government Forestry and Lumber Department's report based on customs statistics, the amount of imported hardwood logs from the temperate zones of North America (United States and Canada), China, and Russia in December of last year shifted from the previous month's decrease to a large increase of 10,558 m³ (70.5% increase compared to the same month in the previous year).

The reason for the large increase was that the amount
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