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Market of wooden products remains bearish

The market of wooden products remains bearish. At the monthly meeting of Price Market Investigation Committee of the Tokyo Lumber Wholesalers' Association, which was held on October 4 in Shin-kiba, Tokyo, an attended wholesaler in charge of precut lumber reported, "The operating status of precut factories was good in September. And this good situation will continue until mid-October." However, another wholesaler in charge of North American timber said, "The momentum of precut factories' purchase is weakening. I heard that trading companies are struggling to sell the products." In the market, 'hirakaku', which is essential to wooden houses, are kind of oversupplied, and the price of European red pine laminated 'hirakaku', as the main force, is on a downward trend.

Though the operation status of precut factories remained favorable, the field of wood distribution is shrouded with a gloomy atmosphere. The situation of the market is not as good as that of housing starts. In October, prices of some structural lumber dropped in the wake of September. As this item, both domestic or imported, is in a bearish atmosphere, it is necessary to stop its current market price to drop any more.

In domestic lumber, the price of Kyushu cedar square 4m lumber, though it kept the price from the previous month in September, dropped ¥1,000 per cubic meter. The price of Kyushu cedar planks (10.5cm x 3.0cm, 4m) also dropped by ¥1,000.

Hot Topic:

Japan Kenzai released a demand forecast made by builders and sales distributors, and a sales forecast made by major manufacturers for October-December, 2011. >> Page 4

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In plywood, the price of imported lauan structural plywood marked the fourth consecutive month of decline, but prices of other items remained unchanged from the previous month. Prices of plywood items have obviously stopped to drop.

Prices of locally-sawn white seraya products increased as largely as ¥10,000 per cubic meter due to a sharp drop of supply. An attended wholesaler in charge of Southsea timber says, "This is an extraordinary example of setting a new-high in the domestic market."

<Japanese Timber>

There are not sufficient logs in the market, because it is a switching season to new logs. In Akita, Tokai, Kishu, and Kyushu, logs are scarce. The situation of lumber was reported to be sluggish as follows: "Structural lumber did not move in large volume." (Tokai Timber), "The movement of studs and common lumber has slowed down." (Kyushu Timber) "Affected partly by typhoons, I think the volume of lumber manufactured in September was one-half of usual." (Kishu Timber) The movement of domestic lumber items on the general distribution routes has become sluggish.

A wholesaler in charge of Akita timber said, "Lumber for the disaster area is active." And another person reported about large-scale condominiums, which are under construction centering the Tokyo metropolitan area, saying, "It is difficult to sell products to them, because their budgets are very low."

<'hirakaku'>

The operation status of precut factories is good, but the market situation of 'hirakaku' is bad. The price of European red pine laminated beams entered a downward trend.

<Hardwood>

Since the latter half of September, concrete orders for

(Continued on Page 2)

hardwood began to increase and the market started to recover. As the number of operating factories has reduced, wholesalers are enduring

the increase in purchasing prices in order to support the existence of the factories.

<Imported Timber>

The import price of North American logs increased a little. This is the result of the resurgence of China's

purchase. Due to the same reason, the price of Canadian logs has become bullish. Shipment of Douglas fir logs to domestic sawmills remained stagnant. Alaskan spruce logs, which arrived in western Japan, have already sold out. Supply of spruce items from China is not sufficient because the country could not secure enough logs.

In North American products, inquiries for hemlock KD 45mm x 105mm, Douglas fir KD 45mm x 45mm and 65mm x 45mm are increasing because they were not supplied. As the import volume of those items is expected to be low also in October, they will be scarcer. Prices of other KD items are bearish in general. This is because the momentum of purchase has weakened due to the increased product inventories in pre-cut factories.

The movement of Russian items is inactive, and their prices are holding from the previous month bearishly. Though the supply of middle-grade items is comparatively good, their prices are

Wholesalers' Market Prices in Kiba, Tokyo

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

item	grade	2011		
		Sep.	October	
JRC-Akita, narrow width board for rail	special 1st	52	52	holding
*JRC-Akita Taruki (rafter)	KD special 1st	60	60	"
**JRC-Akita kowari lumber	Air-Dried	0.23	0.23	"
JRC-Akita, laminated kudabashira (CP)	5-ply	2.2	2.2	"
JRC-Tokai, baby square for roof beam	KD planed special 1st	63	63	"
JC-Tokai, baby square for sill	special 1st	85	85	"
JC-Tokai, batten products	KD planed special 1st	64	64	"
JRC-Kishu, baby square for post	special 1st	56	56	"
JC-Kishu, baby square for post	special 1st	90	90	"
JC-Kyushu, baby square for sill	KD	85	85	"
JRC-Kyushu, baby square for post (3m)	KD	60	60	"
*JRC-Kyushu, baby square for post (4m)	KD	63	62	weaker
JRC-Kyushu, hirawari for mabashira (studs)	KD	62	62	holding
Ash, plain board	dried, special	298.8	298.8	"
Alaskan Spruce log	No.3	64.8	64.8	"
DF log	No.3 Coast	31.32	31.32	"
Spruce, flitch	Select Merch	65	65	"
DF, hirakaku, green (home sawn)		49	49	"
DF, hirakaku, KD (home sawn)		63	63	"
DF, laminated beam (imported)		110	110	"
Redwood, laminated beam (imported)		74	73	weaker
JRC&DF, hybrid laminated beam		72	72	holding
Hem, baby square (imported)	green (S4S)	40	40	"
Hem, baby square (imported)	KD (S4S)	50	49	weaker
DF, baby square (imported, 4m*10.5cm*10.5cm)	KD (S4S)	50	49	"
DF, baby square (imported, 4m*4.5cm*10.5cm)	KD (S4S)	48	48	holding
YC, baby square (imported)	green (FOHC)	72	72	"
Hem, treated sill	special 1st	55	55	"
Red Pine, Taruki (rafter, imported) KD		74	74	"
Red Pine KD	1st	62	62	"
Red Pine, stud (mabashira)		64	64	"
Whitewood, stud (mabashira, imported)	KD, pithless	55	55	"
Whitewood, kudabashira (CP)	5-ply	2.05	2.05	"
WS, square edged (imported)	1st, treated	145	154	stronger
Mercusi Pine, laminated lumber	A-grade	145	145	holding
Yunshan Cedar lumber, KD	A-grade	240	240	"
Red Pine, laminated lumber	A-grade	135	135	"
Lauan plywood, Type II	1st, F4-star	0.51	0.51	"
CF plywood, Type I (imported)	JAS (A), F1-star	1.25	1.25	"
Lauan structural plywood (imported)	JAS, F4-star	1.35	1.3	weaker
Softwood structural plywood, Type I (12mm)	JAS, F4-star	1.15	1.15	holding
Softwood structural plywood, Type I (24mm)	JAS, F4-star	2.60	2.60	"

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

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

* These items have been added since January 2011.

** The quality of this item has been downgraded since January 2011.

(Continued on Page 3)

bearish, because their quality is not good as it is an off season for logging. Prices of high-grade items, whose quality is stable, remained unchanged from the previous month.

The movement of European white wood batten products is also inactive. The market situation is bearish due to the increased inventories, but their retail price stayed at the same level as the previous month. Though the price of laminated connective posts leveled off this month, there is a worry that they may drop again when the price of laminas drops.

In Southsea lumber, the domestic market price of Malaysian lauan lumber marked a new record high because supply of this item sharply decreased. As for mercusi pine lumber, both of its local price and domestic price held from the previous month. The domestic price of Chinese red pine laminated lumber held from the previous month. Wide dragon spruce 4m lumber is in short supply.

<Plywood>

Except for the disaster area, the movement of plywood remained inactive. Prices of imported plywood

did not stop dropping in 12mm items including structural plywood and plywood for concrete forming. However, supply of imported plywood started to decrease in September and the supply-and-demand balance is expected to improve in the latter half of October. The number of sacrifice selling is already decreasing. Inventories of domestic softwood plywood were announced to be 88,000 cubic meters in August. The stock level, equivalent to 0.5 month of shipment, is still low. Domestic makers are planning to keep the current prices, and say that they will return the situation of production from full-operation, which they have continued since the earthquake, to the same status as before the disaster.

Event

Japan Home and Building Show 2011 was held

The Japan Home and Building Show 2011, the largest exhibition specializing in housing and construction in Japan, was held for three days from September 28 to 30



at Tokyo Big Site. Held for the 33rd time this year, the trade show was held in conjunction with the UIA 2011 Tokyo 24th World Congress of Architecture in which a variety of events were held at the main site of Tokyo International Forum. With a theme of "Tradition to Creation, Japan with the World", the trade show drew the participation of 489 companies and 756 exhibition booths surpassing the number of the previous trade show from Japan and 12 foreign countries and regions. During the three days, about 44,000 visitors came to exhibition.

Canada Wood also displayed a variety of lumber products this year promoting the large, forest country of Canada. Canada also set up a pavilion specifically for the province of Quebec and introduced hardwood flooring, biomass fuel

(Continued on Page 4)

JAPAN DIY HOMECENTER SHOW 2012

August 23-25 2012, Makuhari Messe (location; Tokyo suburb) Exhibit Categories including; Building Materials/Timber, Interior Materials / Home Furnishing Goods, Exterior Goods, Gardening / Agricultural Materials, etc.



JAPAN DIY HOMECENTER SHOW 2011 Held !!

Organized by JAPAN DIY INDUSTRY ASSOCIATION URL:http://www.diy.or.jp

For exhibit inquiry, please contact: Overseas OperationOffice SPACE MEDIA JAPAN CO., LTD Kosaikaikan Bldg. 6F., 5-1 Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan Tel.(81)3-3512-5670 Fax.(81)3-3512-5680 URL:http://www.smj.co.jp E-mail: diy@smj.co.jp

stoves, and other products. At the American pavilion, effort was placed on providing information regarding building materials and housing in addition to introducing a variety of lumber products. This year, the American Softwoods Japan Office also conducted a survey targeting people involved with building firms.



With a proud history spanning 114 years, Siljan Wood Products AB is selling solid wood flooring made of red pine that can be used with underfloor heating systems in the Japanese market. Last year, the company built a new factory and can now increase by 1.5 times the annual supply of 500 container shipments of flooring and 1,000 container shipments of panels, which was made from this spring until now. The company's wide variety of high quality, traditional and innovative flooring and the company's panels with a white finish are highly evaluated in the market.

Working on research and sales of highly durable lumber products, Koshii & Co., Ltd. displayed "Akai Hashira (2x4 construction method)," which is a structural lumber with increased durability through a pressure injection process, and "Koshii Super Thermal," which is heat treated wood using steam. By using appropriate preservative processing on the lumber used for buildings and housing, they can maintain a high quality for a long period of time, and through various activities, the company is showing its appeal to the public.

Event:

The 10th ecobuild was held

A simultaneous event of the 24th World Congress of Architecture (UIA 2011 Tokyo), "ecobuild 2011" was held at the exhibition hall of the Tokyo International Forum for 3 days from September 26 through 28. The theme was "Solutions of Building and Environment." 54 companies and organizations from various fields including construction technologies that contribute to the energy conservation and CO2 reduction, LED lighting, greenery technology, domestic lumber and other timber products, and photocatalysis technology, participated in the show, and offered information useful for the future architecture.



The Commercial Section of the Austrian Embassy set up a booth where they provided information on Austrian construction materials and architecture. 11 companies exhibited in the booth, introducing state-of-the-art environmental technologies that Austria is proud of, including zero-energy house, advanced lighting system, high thermal-insulation windows, piling machines, and system forms. Products that are already popular in the Japanese market including Thoma Holz GmbH's Pure Wood (construction materials made of 100% solid wood), and KLH Massivholz GmbH's cross-laminated panels were also displayed.

Ikegami & Co., Ltd. exhibited the



next-generation sophisticated lumber, Accoya, and promoted its appeal to visitors. Accoya is the acetylated timber products whose durability is enhanced by the acetic acid (the raw material of the edible vinegar). Its non-toxicity and high performance (high durability and high dimensional stability) draw attention worldwide. At the booth, Accoya products such as outdoor furniture, wooden window frames, and lighting device were displayed. The model of the bridge in Holland and the results of the termite test conducted by the Japanese research institute were also shown, attracting visitors.

Company:

Japan Kenzai's business prospect for the third quarter of 2011

Japan Kenzai Co., Ltd. (Tokyo) has released a demand forecast made by builders and sales distributors, and a sales forecast made by major manufacturers (by interviewing its partner companies) for the third quarter of 2011 (October – December, 2011).

Builders' forecast for the workload index was minus 11.0 points (minus 16.2 points in the previous survey) year-to-year, and sales distributors' forecast, minus 7.1 points (minus 14.2 points), both of which marked the second consecutive period of decline. However, compared with the forecast for the July-September

(Continued on Page 5)

period of this year, the ranges of the year-to-year falls have reduced, and the condition is recovering from the sharp drop caused by the big earthquake.

Looking the results by area, the workload of repair work and remodeling work is expected to increase in the Tohoku area, which were affected by the disaster, especially in Fukushima and Miyagi. Most responses expects that total volume of the workload will increase. However, responses from Yamagata and Akita are far different from the above. They predicts larger minuses than the previous survey, probably because workmen have moved to the disaster areas.

In other areas, the number of responses saying the workload will "increase" increased in general compared with the previous survey.

On the other hand, sales forecast for the third quarter made by major manufacturers of plywood, wooden building materials, and housing equipment expected that sales will make year-to-year "increases" by 37.2% in plywood, 40.0% in wooden building materials, and 65.1% in housing equipment.

Answers estimating sales "as same as the previous year" increased while those saying "decrease" decreased. Toward the autumn demand, each company is likely to be confident. Especially in the housing equipment sector, many companies showed a strong attitude by expecting a big growth, maybe because they have become confident in restructuring the earthquake disaster.

The level of the builders' workloads of remodeling work is still as high as that in the previous survey, where it went up due to the earthquake. The sales proceeds per unit are also

showing an increasing trend.

Data:

Questionnaire Research on Housing Starts in Fiscal 2010

Wooden Home Builders Association of Japan has released results of "A Questionnaire Research on Housing Starts in Fiscal 2010 (a voluntary statistical research)" targeting its first-class regular members.

This is the 22nd research. The association received valid responses from 340 companies (up 24 companies from the previous year) out of the targeted 371 member companies. The response rate was 91.6%.

A simple counting showed that the members' housing starts in fiscal 2010 were 78,773 units (up 16.2% or 11,001 units from the previous fiscal year). Among them, the number of wooden single-family houses was 77,035 units (up 17.4% or 11,434 units).

Reasons for the increase are the increased number of companies which answered the questionnaire, and the support of housing policies like the house eco-point system and the flat 35 S.

With those 285 companies which answered the questionnaires in the fiscal years of 2009 and 2010 in succession, housing starts of wooden houses in fiscal 2010 showed 16.3% of year-to-year growth, which is greatly higher than the nation's growth rate (up 8.0%).

As a result, the share of the association's members in the total housing starts of wooden houses in fiscal 2010 (430,804 units according

to Ministry of Land, Infrastructure, Transport and Tourism) increased 1.5 points from the previous year to 17.9%.

In those houses which the member companies started construction in the same fiscal year, the percentage of "houses which comply with the future generation's energy-saving standards" largely increased (up 17.6 points) to 67.1%, because people have become more and more environment-conscious. The percentage of certified long-term high-quality houses was 33.8%, which exceeded 23.5% (reference) marked in fiscal 2009.

Topics:

Report on the damage caused by the Great East Japan Earthquake

Building Research Institute, Japan has held a press conference in the building of Ministry of Land, Infrastructure, Transport and Tourism. To the conference, Dr. Shuzo Murakami, chief executive of the institute, attended and a member of the research group reported on the damage caused by "The Great East Japan Earthquake" and the countermeasures.

The institute sent a total of 25 staff (eight times) to the affected regions to investigate the damage on wooden buildings caused by the earthquake. In order to check the damage (on wooden buildings) caused by tsunami, it sent three staff (one time). It has disclosed the results of the research in both Japanese and English at the website (<http://www.kenken.go.jp/english/index.html>).

It characterizes the damage on wooden buildings caused by tsunami

(Continued on Page 6)

that most of the wooden buildings were swept away when the level of inundation is deeper than the height of eaves of the second floor (six meters); on the other hand, most of them survived when the depth is shallower than the first floor level (one meter). It was found that several wooden buildings standing behind reinforced concrete buildings survived, and buildings of mixed structure (first floor: reinforced concrete, 2nd and 3rd floors: wooden structure) also survived. In the latter case, big openings probably let out the water and prevented the buildings from being swept away.



In the big earthquake, 151 falls of ceilings were reported. Most of the damage occurred in gymnasiums and gymnastic rooms (47.7%) and entrance halls and concourses (25.8%); however, damage was found also in various types of rooms of various purposes. Damage was found both in ceilings of conventional construction method and in system ceilings. Among those damaged buildings, some were built in the time of old quake-resistance standards and others were in new. Dr. Murakami said, "It is a serious problem that the fall of ceilings was found in new buildings."

chapter of the Japan North American Lumber Conference held on October 12, the chairman Enokido, pointed out that prices of timber products were weakening as the speculative demand that occurred after the earthquake settled down. Also, though the operation at major pre-cut factories remains good, small builders whose main business is the construction of custom home still do not have much work. While low-priced housing is selling well, the demand for high-end housing is declining. At the meeting, the progressive trend of the polarization that reflects the current social conditions was discussed.

The arrival at Tokyo Lumber Terminal (Lot 15) in October was 76,000 cubic meters, and the arrival in November is also expected to be 76,000 cubic meters. The arrival is expected to decline slightly toward the end of the year. Especially, as for wooden boards whose arrival increased suddenly after the earthquake, it was said that the arrival of OSB already had declined while the arrival of plywood also appeared to have already peaked.

As for prices of North American lumber products in producing areas, the price of Douglas fir KD lumber

(Continued on Page 7)

Wholesale Price of American Lumber in Keihin Ports

(1,000 yen / cubic meter)

	2011				
	June	July	Aug	Sep	Oct
Hem 4-1/8", 13' roof beam, std	42	42	42	42	42
Hem 4-1/8", 13' roof beam, KD	54	54	54	54	53
Hem 4-1/8", 10' post, std.	41	41	41	40	40
Hem 4-1/8", 10' post, KD.	54	54	54	54	53
Hem 3-9/16", 13' purlin, std.	42	42	42	42	42
Hem 3-9/16", 13' purlin, KD.	54	54	54	54	53
Hem 4m x 45 x 105, batten products, green	38	38	37	37	37
Hem 4m x 45 x 105, batten products, KD	55	55	54	54	54
DF 4-1/8" roof beam, std.	44	44	44	44	44
DF 3-9/16" purlin, std.	44	44	44	44	44
DF 4m x 45 x 105, batten products, green	45	45	45	44	44
DF 4m x 45 x 105, batten products, KD	55	55	55	55	55
DF "hirakaku" 105, imported, Green	47	47	47	46	46
DF "hirakaku" 105, imported, KD	60	60	60	59	58
DF "hirakaku" 120, home-sawn, Green	51	51	51	50	50
DF "hirakaku" 120, home-sawn, KD	64	64	64	63	62
YC 4-3/16" rough, std.	65	65	65	65	65
YC 4-13/16" rough, std.	65	65	65	65	65
YC 5x6W, random length, BC Clear	165	165	165	165	165
Nordic 3m x 27 x 105, stud, KD	54	54	54	53	53

Movement of American Logs in Keihin Ports

(Unit: cubic meter)

	Arrival	Shipment	Ending Inventory	Inventory Rate
Monthly Results in August				(%)
Softwood Logs				
Hemlock	53	49	273	1.67
Douglas Fir	2,398	1,348	6,258	8.27
Overall Softwood Logs	2,451	1,446	6,653	6.48
Overall Semi-finished Products	3,379	2,630	4,299	2.43
Overall American Logs	5,830	4,076	10,952	3.91

Wholesalers' view

American timber market in October

At a monthly meeting of the Keihin

that receives many inquiries from Japan is strong, but prices of hemlock green and KD whose demand has been declining are unchanged. In the U.S., terminal handling charges are rising, and people are paying attention to how the cost increase will be handled in future. As for prices of North American lumber products in October, prices of hemlock 4-1/8 cross beam and KD post, hemlock 3-9/16 KD purlin, Douglas fir hirakaku 105 and 120 KD all declined by 1,000 yen per cubic meter. The market indication for all items held weakly.

The price of North American logs in producing areas started rising again as China resumed its purchase. The arrival of logs for Japan from January through March next year is likely to decline as workers who sort logs are not available.

On the other hand, domestic log sales remain unpredictable as the movement of products for customers of logs, sawmills that saw logs based on orders, is slow, while the movement of products for pre-cut

(Continued on Page 8)

Supply/Demand of American Timber

(1,000 cubic meters)

	Import			Consumption			Stocks		
	Log	Lumber	Total	Log	Lumber	Total	Log	Lumber	Total
2007	3,018	2,724	5,742	3,062	2,797	5,859	260	201	461
2008	2,638	2,931	5,559	2,644	2,909	5,583	254	223	477
2009	2,468	2,272	4,740	2,486	2,333	4,819	237	162	399
2010	2,905	2,748	5,653	2,833	2,737	5,570	309	173	482
2011									
YTD	1,979	1,848	3,827	1,988	1,795	3,783			
Jan.	256	212	468	252	196	447	314	188	502
Feb.	157	206	363	226	216	442	245	178	423
Mar.	303	193	497	258	159	417	291	212	502
Apr.	246	269	514	258	280	538	278	201	479
May	299	227	526	248	195	443	329	233	562
June	222	261	484	244	263	508	307	231	538
July	264	211	475	245	199	445	325	243	568
Aug.	232	269	501	257	286	543	301	226	526
Sept.									
Oct.									
Nov.									
Dec.									

Wholesale Price of American Logs in Keihin Ports

(1,000 yen / cubic meter)

Logs	2011				
	June	July	Aug	Sep	Oct
RC No.3, 12"up (Alaska)	34.2	34.2	34.2	34.2	34.2
YC pole, 6"up (Alaska)	28.8	28.8	28.8	28.8	28.8
Sp No.2, 24"up (Alaska)	90	90	90	90	90
Hem No.3, 12"up, Cascade	22.68	22.68	22.68	22.68	22.68
Hem No.3, 12"up, Coast	20.88	20.88	20.88	20.88	20.88
Hem, medium dia. 8/11 (J-sort)	19.08	19.08	19.08	19.08	19.08
DF No.3, 12"up, Cascade	31.68	31.68	31.68	31.68	31.68
DF No.3, 12"up, SS	28.8	28.8	28.8	28.8	28.8
DF No.3, 12"up, Coast	26.28	26.28	26.28	26.28	26.28
DF, medium dia. 8/11 (J-sort)	21.96	21.96	21.96	21.96	21.96

Plywood Market 4th Week October

It was announced that new housing starts that serve as the most important factor for the demand for the plywood were strong at 81,986 units in August, up by 14% compared to the same month in the previous year. New housing starts for wooden home were 46,901 units, up by 11.5% from the same month in the previous year.

These housing start figures appear to indicate that the demand for the plywood remains steady, but the market for the softwood plywood is still stuck with a declining trend. The production in August fell below the production in the same month in the previous year, standing at 171,000 cubic meters. Inventories are at the low level, smaller than the shipment for one month. However, there are many people who predict that prices will decline at the downstream in future. If the current conditions persist over a long period, there will be a possibility that manufacturers will be dragged into the price-cutting war in future. Under the current circumstances, those involved in the distribution are required to stand firm in order to keep prices unchanged.

As for the imported plywood, product shortage and stockout items are being talked about, and sales of products at low prices have stopped. Orders have been declining significantly since May, and the arrival has been declining after peaking in July. As inventories are diminishing, people in the market started regaining calmness. There might be a possibility of the reversal in prices in future.

factories and 2x4 assembly factories is good. Prices of logs for all types of trees and product items in October remained unchanged from the previous month. The market indication for hemlock whose supply is low held from the previous month while the market indication for Douglas fir held weakly.

In August, the arrival and shipment at the Kashima Port that supplies logs for the Kashima Factory of Chugoku Mokuzai was slightly low at 25,370 cubic meters.

Movement of American Lumber in Keihin Ports

(Unit: cubic meter)

	Arrival	Shipment	Ending Inventory	Inventory Rate
Monthly Results in August (%)				
Small Square Lumber				
Hem 4-1/8"	6,838	10,514	19,022	3.00
Hem 3-9/16"	6,124	8,445	12,887	2.35
sub total	12,962	18,959	31,909	2.70
Other Lumber Products				
Hemlock	6,469	15,775	14,251	2.19
Douglas Fir, SS	18,928	20,573	18,455	1.17
Douglas Fir	12,241	12,783	15,912	1.68
Yellow Cedar	3,074	2,429	4,263	1.71
Spruce	987	556	783	2.16
SPF	67,854	69,617	19,222	0.35
Overall Softwood Lumber	124,215	142,437	106,524	1.04

News from China

Source: China Wood Monthly Market Report(www.chinawood.net), Vol.6 No.10, October 2011

Forest products imp & exp of China increased 30% from Jan. to Jul.

According to the data analysis from customs, the national import and export value of forest products reach \$ 67.96 billion from Jan. to Jul, an increase of 29.1%. In which export \$ 31.75 billion, an increase of 20.3%; and import \$ 36.21 billion, up 37.9%. In July, the value reaches \$ 10.52 billion, an increase of 26.8%. In which export \$ 5.26 billion, up 20.2%; imported \$ 5.26 billion, increase 34.3%.

Wooden furniture, lumber and chips have increased considerably. wooden furniture imported 2.97 million pieces, import value \$ 300 million, respectively up 38.1% and 56.3%; timber imported 12.06 million, import value \$ 3.18 billion, respectively up 54.2% and 56.0%; Chips imported 3.61 million tons, import value \$ 610 million, respectively up 56.1% and 90.5%; Paper, paperboard, and paper products import volume is decreased and value is increased, import volume reach 2.09 million

tons, import value is \$ 2.96 billion, respectively decreased by 3.3% and increased 10.6%.

Plywood, rosin and relative products are increasing greatly. Of which plywood export is 5.56 million m3 with value is 2.47 billion dollars respectively up 28.1% and 27.2%. Wooden furniture export volume is decrease and value is increased, export volume is 160 million pieces with \$ 9.57 billion, respectively decreased by 3.4% but increased 7.7%.

Zhangjiagang port first import large volume of Gabon lumbers this year

On September 26, "Wan Bo Long" ship which loaded 8900 m3 Gabon lumber in Zhangjiagang. This is not only the first time Zhangjiagang import so large quantities of lumbers, but also the first time of China import so large quantities of Africa timber. The wood imported from Zhangjiagang Port has been dominated by hardwood logs, while lumber import with low-volume

container. The import value is \$ 6.42 million. It is the first ship Since the Gabon Government exhibit logs export from May 2010.

Gabon is the one of the mainly timber source of China, it is also the largest exporter in Africa. However, the implementation of the ban led to a substantial decline in exporting logs. In 2010, China imports a total of 720 thousand m3 logs from Gabon in which Zhangjiagang port import 550 thousand m3, and import almost zero over the same period this year. At present, the local processing rate of Gabon increase from 25% to 60%, and it is expected to reach 80% in 2012. Lumber import from Africa will be increasing greatly in the following years.

Statistics

European Timber News

Prices of European lumber products have been stuck with the downward trend. Even though the demand for European lumber is firm mainly

(Continued on Page 9)

among builders, the arrival of softwood lumber products in August 2011 was 251,000 cubic meters, up by 28.2% from the previous month and up by 6.4% from the previous year. While the market recovery is a desired goal, with the value of euro weakening, it seems to be difficult to stop the increase in the arrival.

In August, the arrival from 2 major suppliers, Sweden and Finland, was good (up by 11.7% and down by 3.1% from the previous year respectively). The arrival from Austria (up by 15.2% from the previous year), Romania (down by 0.3%), the Czech Republic (up by 77.9%), and Latvia (up by 2.8%) was also good. The arrival from other countries was 9,800 cubic meters. As for supplies of European lumber, the diversification of producing areas seems to be taking hold.

The arrival of laminated lumber from Europe in August 2011 was 62,100

cubic meters, up by 22.5% from the previous month and up by 9.1% from the previous year. By country, the arrival was 21,600 cubic meters from Finland, 20,800 cubic meters from Austria, 10,600 cubic meters from Romania, 3,500 cubic meters from Estonia, and 5,400 cubic meters from others, all exceeding the previous month's arrival. The arrival of laminated lumber is on the increase again as the benefits of the foreign exchange are strong.

The price of all European lumber products (CIF Japan Port) in August was 29,849 yen per cubic meter, down by 5.6% from 31,626 yen in the previous month. The price increased slightly from the previous year, up by 0.4%, but the declining trend for the import price of European lumber has become clear. The price of laminated lumber for structural use was 47,731 yen per cubic meter, down by 2.6% from 48,983 yen in the previous month. The price has been declining

since May, and the price in August was the lowest of the year.

Statistics

Russian Timber News

The arrival of Russian logs fails to increase. The arrival in August 2011 was 15,000 cubic meters, almost the same as 15,600 cubic meters received in the previous month, and down by 63.0% from the previous year. The arrival for pine and fir was 6,100 cubic meters (up by 25.9% from the previous year) and 3,650 cubic meters (down by 70.2% from the previous year) respectively while the arrival of larch was 4,200 cubic meters (down by 81.8% from the previous year). The arrival of fir that had been relatively stable at around 10,000 cubic meters since the beginning of the year declined significantly in August. The arrival of hardwood logs was 1,121 cubic meters.

The arrival of lumber products in August 2011 was 1,500 cubic meters for larch and 64,300 cubic meters for the total of pine and fir that are major products. The arrival of pine and fir that was large in March, April, May, and June, has been declining slightly since July, but remains strong, up by 26.3% from the previous year. The arrival of laminated lumber for structural use was 3,200 cubic meters, up by 120.1% from the previous month and 16.0% from the previous year, and recorded the second largest volume of the year after 3,500 (Continued on Page 10)

Imports of European Laminated Lumber by Countries

unit : cubic meter; %

	Total	FINLAND	AUSTRIA	ROMANIA	ESTONIA	others
2011 YTD	415,845	131,621	153,113	73,392	31,169	26,550
JUL	50,655	14,519	20,320	9,293	2,964	3,559
AUG	62,062	21,641	20,828	10,621	3,542	5,430
SEP						
Y/Y	9.1	21.0	-3.0	15.8	-24.4	48.0

Imports of European Lumber by Countries

unit : cubic meter; %

	Softwood Lumber							
	Total	SWEDEN	FINLAND	AUSTRIA	ROMANIA	LATVIA	CZECH	others
2011 YTD	1,743,015	582,226	508,834	216,795	170,905	88,998	85,677	89,580
JUL	195,792	51,188	60,009	26,379	22,995	9,119	13,784	12,318
AUG	250,969	87,567	71,005	30,865	26,388	11,386	13,984	9,774
SEP								
Y/Y	6.4	11.7	-3.1	15.2	-0.3	2.8	77.9	-18.5

Average Import Value for Major European Commodities

unit : Yen per cubic meter (CIF Japan ports); %

	Softwood Lumber				Structural Laminated Lumber		
	All Europe	SWEDEN	FINLAND	AUSTRIA	All Europe	FINLAND	AUSTRIA
2011 JUL	31,626	30,666	29,273	33,835	48,983	50,404	48,530
AUG	29,849	27,807	28,648	32,095	47,731	49,679	46,735
SEP							
Y/Y	0.4	-4.1	0.1	3.3	6.2	3.9	7.0

cubic meters in May.

August were 16,206 yen per cubic meter for pine, 12,128 yen per cubic meter for fir, and 14,561 yen per

cubic meter for larch. Product prices are 26,756 yen per cubic meter for larch and 36,787 yen per cubic meter

Log prices (CIF Japan Port) in

for pine and fir. The price of pine and fir that are major items increased by 4.8% from the previous month, and also increased by 13.9% from the previous year. The upward trend of the import price continues. The price of laminated lumber for structural use was 43,331 yen per cubic meter, down by 0.2% from the previous month and also down by 8.5% from the previous year.

Average Import Value for Major Russian Wooden Products							
unit : Yen per cubic meter (CIF Japan Ports); %							
	Logs				Lumber		Laminated Lumber
	Softwood			Hardwood	Softwood		Structural
	Larch	Pine	Fir		Larch	Pine/Fir	
2011 JUL	14,241	17,324	15,461	-	30,270	35,095	43,410
AUG	14,561	16,206	12,128	57,526	26,756	36,787	43,331
SEP							
Y/Y	6.4	-2.0	-15.0	23.1	3.5	13.9	-8.5

Imports of Russian Wooden Products									
unit : cubic meter; %									
	Logs					Lumber			Laminated Lumber
	Total	Softwood			Hardwood	Total	Softwood		Structural
		Larch	Pine	Fir			Larch	Pine/Fir	
2011 YTD	270,627	60,881	106,060	89,735	13,951	624,704	13,441	610,046	18,921
JUL	15,583	1,317	6,043	8,163	60	69,973	2,373	67,600	1,463
AUG	14,995	4,155	6,067	3,652	1,121	66,206	1,507	64,298	3,220
SEP									
Y/Y	-63.0	-81.8	25.9	-70.2	62.5	26.2	19.7	26.3	16.0

News in Brief

The Japan Prefabricated Construction Suppliers and Manufacturers Association conducted a survey on 100 companies that manufacture prefabricated housing regarding sales trends and production capacity in fiscal 2010 (April 2010 - March 2011). According to the results of the survey, the total number of prefabricated homes (completed construction) sold in 2010 was 133,436 units decreasing 9.8% compared to the previous year. Prefabricated homes accounted for 16.9% of all new housing starts falling 2.8 points from the previous year. Based on type of structure, wood constructed homes, which have continued to decrease for 10 consecutive terms, totaled 13,030 units slightly increasing for the first time in a while. However, both steel framed homes and concrete constructed homes showed a decrease. Based on type of construction, single family homes rose 5 points from the previous year to 45.1%. On the other hand, both low-rise and mid-rise apartments/condominiums decreased. Concerning the percentage of sales held by the top companies, the top ten companies accounted for 99.2% of sales of single family homes maintaining the 90% level for the seventh consecutive term. There was no change in the large oligopoly.



image from the website of Sekisui Chemical Co., Ltd.

On September 8, Mag-Isover K.K. (Tokyo) announced the construction of its Tsu Factory in Tsu City, Mie Prefecture. In July of this year, the company decided to construct a new factory for glass wool in western Japan and looked into factory sites. After considering transport costs, scale of land, economic conditions, and other factors, the company judged that the Tsu City site was the most suitable. Along with its Akeno Factory and Tsuchiura Factory in Ibaraki Prefecture and Tarui Factory in Gifu Prefecture, the new factory will be the fourth production base for the company, and with an investment of about 15 billion yen, operations will start at the end of the year following next year. With an annual production of 60,000 tons, the factory will be the largest factory of glass wool for housing in western Japan. The factory site will cover 137,030 m², and it will employ about 100 people. According to the company, "This current investment will contribute to the reduction of energy consumption, a high priority problem in Japan. Homes and

(Continued on Page 11)

buildings consume 30-40% of Japan's energy, and by making a change to heat insulation for homes, the reduction in consumption of energy used for air conditioning and heating will hold an important role in the future among measures for conserving energy," so the company is contributing to the reduction of energy consumption by increasing production of material for heat insulation.

Announced by the Ministry of Land, Infrastructure, Transport and Tourism on September 9, **the number of applications for "eco-points" for housing in August totaled 32,404 units for newly constructed homes** (40.6% of total composition, 13.3% increase compared to the previous month) **and 47,458 units for remodeled/reconstructed homes** (59.4%, 50.8% increase) **for a grand total of 79,862 units** (23.0% increase compared to the previous month). In May, the government moved up the deadline of the start of construction of homes eligible for eco-points from the end of the year to the end of July. Due to the effects of a rush in demand that occurred in June and July following this change, an overwhelming surge in applications for eco-points was made in August from consumers especially from people who had finished remodeling/reconstruction. The number of applications made in a single month was the highest since the start of the system. The number of eco-points issued in August totaled 10.14556 billion points for 33,818 units of newly constructed homes and 2.783382 billion points for 45,197 units of remodeled/reconstructed homes for a grand total of 12.928942 billion points for 79,015 units, which rose 31.2% compared to the previous month's total of number of units.

At a press conference following a Cabinet meeting on September 16, **Takeshi Maeda, the Minister of Land, Infrastructure, Transport and Tourism, spoke about reinstating the "eco-point" system for housing.** As a step toward restoration of devastated land from the Great East Japan Earthquake and toward a change to "zero energy" for homes and buildings in the devastated regions, about 120.0 billion yen will be requested from the third supplemental budget of this fiscal year, and the "eco-point" system can restart as early as this winter. The points received for newly constructed homes are expected to decrease by 50% from the previous 300,000 points to 150,000 points. However, a special 300,000 points will be given for the devastated regions. For remodeling/reconstruction and repairs to conserve energy in existing homes, favorable measures such as the continuation of the previous number of eco-points will be taken. As for energy conservation raised and promoted by the government, making repairs and renovations for energy conservation in existing homes was judged to be extremely important. Points will also be given for remodeling/reconstruction for earthquake resistance.

Columbia Vista Corporation (Washington State), a major manufacturer of lumber products, recently **received the chain of custody (CoC) certification from the Programme for the Endorsement of Forest Certification (PEFC)**, an international organization for forest certification. The company has already received the CoC certification from the Forestry Stewardship Council (FSC). By compiling certifications that are recognized in Japan, the company plans to promote the fact that they are paying close attention to management at the distribution stage and to gain further trust in Japan. The company is an American lumber products company and has been supplying lumber products to Japan for the long term. The primary products are kiln dried, Douglas fir small squares and batten products, and the company produces about 12,000 m³ of Douglas fir lumber products each month and sells the products through Interfor Japan. This year, 60% of the company's total amount of production is expected to be intended for Japan, and by attaining the current certification, the company has prepared a system for customers to use lumber in accordance with the law promoting the use of lumber in public buildings and to respond to the opportunity to use legal lumber all without worries.



On September 16, **the Ministry of Agriculture, Forestry and Fisheries selected "The Development of Thick Structural Plywood (Nedanon)" and "The Creation of A New Industry Using Proteoglycan Extracted from Unused Marine Resources" for the Ministry of Agriculture, Forestry and Fisheries Award for the "9th Distinguished Service Commendation in the Collaboration between Industry, Academia, and Government".** The awards

(Continued on Page 12)

ceremony took place on September 22 at the Tokyo International Forum during the 2011 Conference for the Promotion of Collaboration between Industry, Academia, and Government. Of the two selected projects, "The Development of Thick Structural Plywood (Nedanon)" was conducted with the cooperation of the Thick Structural Plywood Research Group of the Forestry and Forest Products Research Institute, Tokyo Plywood Manufacturers Association, Tohoku Plywood Manufacturers Association, and Akita Prefectural University. Various results such as the development of the production technology of Nedanon and the calculation method of its sectional performance along with 1) construction proposals for high performance in earthquake and fire resistance, 2) preparation of various kinds of experimental data, and 3) attainment of the Minister of Land, Infrastructure, Transport and Tourism certification were gathered in a technical document. According to the document, streamlining housing construction and shortening the construction time period has become possible, and the results can contribute to the construction of wooden homes that are strong against earthquakes. In addition, the results were highly evaluated for contributing to the expansion in demand for domestic softwood lumber, especially for domestic wood material taken from forest thinnings, which was barely used, and for bent or curved wood material.

On September 22, **the Nagoya office of the Japan North American Lumber Conference held its monthly meeting at the Nagoya Mokuzai Kaikan.** In September, there was a view that a little more work came out than the previous month, but there appears to have been no change in the movement of products. As previously, work at pre-cut lumber factories was in a good condition, where the movement of building materials was centered, and the trend of the existing sales routes being weak continued. The market price indication was level for logs. Among lumber products, laminated whitewood connective post fell about 50 yen per piece from the previous month to 1,900 yen for 105 mm and 2,600 yen for 120 mm. All other types were level with the previous month. There was no feeling of an upsurge in actual demand, and condition was that even without the arrival and receiving of products, stocks did not go decrease. In housing centering of home builders, pre-cut lumber factories continued to be busy in September, but the distribution of building materials was concentrated among the major companies, so transactions in the general distribution were weak. For the market products such as laminated connective posts and laminated 'hirakaku,' there was an anticipated fall in the price of imported lamina, so due to the movement in showing a lowering of prices by some manufacturers, a weak tone developed. In the products market, the feeling of a weak tone is heavier in the Kanto region than in the mid-eastern region.

On September 12, **Fuji-Keizai announced the results of "Housing Remodeling/Reconstruction Market Survey,"** which was conducted from May to July of this year. The survey examined and analyzed the remodeling/reconstruction market of single family houses and apartments/condominiums and also forecasted the scale of the market in the future. The survey also touched upon the effects of the Great East Japan Earthquake on the remodeling/reconstruction market. The scale of the remodeling/reconstruction market in fiscal 2010 was 7.4835 trillion yen expanding 3.6 % from the previous year. Within that amount, single family houses totaled 5.0316 trillion yen, and apartments/condominiums totaled 2.4519 trillion yen. The market scale was forecasted with a total of 7.6143 trillion yen for 2011 and 8.0600 trillion yen for 2014. In 2011, the amount of expansion is expected to be reduced with the total increasing 1.7% compared to the results of 2010. In the areas devastated by the disaster, demand for large-scale reconstruction in addition to urgent repairs and reconstruction is expected to continue for a number of years. However, the overall outlook is not on a big increase in large-scale remodeling/reconstruction but rather on mid- to small-scale construction centering mainly on facilities and machinery/equipment most likely increasing.

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