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Japan

Solid Wood Products

Russian Softwood Exports Increasing To Supply New Japanese Plywood Market

2000

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Report Highlights:

Russian softwood log exports to Japan last year totaled 5,760,000 cubic meters, up almost 30% from 1998 . Russian larch is the key species driving this growth due to growing demand from Japanese plywood makers who use it as raw material veneer for softwood plywood production.

Includes PSD changes: No
Includes Trade Matrix: No
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Executive Summary

Japanese softwood log imports from Russia in 1999 grew by 1,250,000 cubic meters from the previous year to total 5,760,000 cubic meters, placing Russia as the leading raw material log exporter to Japan. Last year's export level was the second highest on record after the 5,770,000 cubic meters achieved in 1997.

This growth in import volume was due to the low wood inventories in Japan during the first half of 1999 creating demand during the second half. Further, new demand from the Japanese plywood industry for Russian Larch, an increasingly important species used as raw material veneer for softwood plywood production, also contributed to the import resurgence. Another Russian softwood species, Red Pine, has become popular by Japanese sawmills as stock for lumber for small cuttings. Finally, the continuing weakness on global currency markets of the Russian Ruble helped fuel Russian export competitiveness even during the time of Japan's sluggish housing market.

The 1999 imports of Russian softwood and percent changes in volume by key species from previous year are shown below.

| Japanese Wood Imports from Russia in 1999 | | |
|--|---|-----------------------------|
| Product / Species | Volume (m3) (Species % Share) | % Change (99/98) |
| Softwood Logs; -Ezo spruce /White Fir | 1,750,033 (32%) | +20.6 % |
| -Larch | 1,961,314 (36%) | +36.6 % |
| -Red pine | 1,695,282 (31%) | +27.5 % |
| -Korean pine | 55,931 (1%) | +58.1 % |
| Total SW. For Lumber Conversion | 5,462,560 (100%) | +28.5 % |
| Total SW. for Pulp Conversion | 277,559 | +16.0 % |
| Total Softwood Lumber | 448,180 | +51.8 % |
| Other miscellaneous species | 20,157 | +99.5% |
| Total Softwood (Logs & Lumber) | 6,208,456 | +29.4% |
| -Log share | 5,760,276 (93%) | (+28.0 %) |
| -Lumber share | 448,180 (7%) | (+51.8 %) |
| Total Hardwood (Logs / Lumber) | 336,215 | +29.0 % |

(Source: Japan Lumber Importers Association)

Following are notable features of the Russian wood import situation in 1999.

- Softwood log imports grew 28.5 % from the previous year and all key species posted significant growth.
- The 36.6 % growth for larch, increasingly utilized for Japanese softwood plywood production, replaced Ezo spruce as the most important species. In 1998, Ezo spruce was the top runner.
- Red pine, increasingly important as a species for structural lumber production in applications as rafters and stripes in the post and beam housing market traditionally served with Russian Ezo spruce and white fir, grew faster than the traditional species.
- While the log share remained dominant in total wood imports from Russia, valued-added sawn lumber imports grew 51.8% from previous year in 1999 compared with the 28% growth for log imports.