Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Scheduled Report - public distribution

Date: 9/8/1999

GAIN Report #JA9108

Japan - 1999

Forest Products Annual Report

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Report Highlights:

Following a sharp decline in Japan's housing starts in 1998, there are positive signs of recovery in the market which utilizes over 80% of Japan's wood consumption. The Japanese Government's economic stimulus program, accompanied by a new income tax break for home buyers, is paying some dividends despite continuing uncertainty about the market direction. In turn, imports of all U.S. wood products have rebounded the first 6 months of 1999, though imports of Northern European softwood lumber and gluelam and Russian softwood lumber have increased even more.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tokyo[JA1], JA

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Executive Summary:

Affected by the widespread impact of the protracted recession of Japan's economy, 1998 housing starts in Japan dropped 14% from the previous year. As a result, Japan's domestic lumber shipments, production and U.S. wood exports to Japan declined substantially because of depressed demand across the market. Stagnation and setback of Japan's GDP during the first half of last year only helped the situation deteriorate further, resulting in lackluster Japanese consumer spending, particularly in the housing sector.

During the last quarter of 1998, however, Obuchi cabinet, determined to bring about a positive economic growth in 1999, succeeded in passing into law a new tax incentive act to allow new home buyers to benefit from an income tax break for new home purchases and steering the quasi-government home financing agency, Government Housing Loan Corp., to maintain Japan's all-time low house mortgage rates in the range of 2.2-2.6% P.A. throughout most of this year to entice new housing investment or to promote replacement demand. Consequently, Japan's housing starts began to show signs of recovery through the first half of 1999, attracting, once again, imported wood from North America, Russia, Europe and Southeast Asia.

As of mid-year, there continues to be significant uncertainty about where Japan's housing market is headed during the remainder of 1999. Nevertheless, housing continues to be a focus of Japanese government policy makers during the current economic recovery process and thus continues to be promising in the mid-term outlook to the U.S. wood industry.

Strategic Indicator Tables

STRATEGIC INDICATOR TABLE 1: FOREST AREA (million hectares/million cum)			
Country: Japan Report Year: 1999	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Land Area (mill. Ha.)	37	37	37
Total Forest Area (mill. Ha.)	25	25	25
--of which, Commercial (mill. Ha.)	21	21	21
----of commercial, tropical hardwood	-	-	-
----of commercial, temperate hardwood (mill. Ha.)	1,173	1,173	1,173
----of commercial, softwood (mill. Ha.)	2,310	2,310	2,310
--of forest area, non-commercial (mill.Ha.)	4	4	4
Forest Type			
--Of which, virgin	13	13	13
--Of which, plantation	11	11	11
--Of which, other commercial (regrowth)	1	1	1
Forest Ownership (mill. Ha.)			
--Nationally owned and no commercial access	4	4	4
--Nationally owned, commercial logging permitted	4	4	4
--Other publicly owned land, no commercial access	1	1	1
--Other publicly owned, logging permitted	2	2	2
--Privately owned commercial forest	14	14	14
Total Volume of Standing Timber (mill. cum)	3,483	3,483	3,483
--Of which, Commercial Timber (mill. cum)	2,463	2,463	2,463
Annual Timber Removal 1/	N/A	N/A	N/A
Annual Timber Growth Rate	N/A	N/A	N/A
Annual Allowable Cut	N/A	N/A	N/A
1/ If Removals exceeds growth rate, analyze impact in text.			

STRATEGIC INDICATOR TABLE 2: CONSTRUCTION MARKET			
Country: Japan Report Year: 1999	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (number of units)	1,198,295	1,250,000	1,310,000
--Of which, wood frame	545,133	575,000	603,000
--Of which, steel, masonry, other materials	653,162	675,000	707,000
--Of total starts, residential	1,154,563	1,204,000	1,257,000
----Of residential, single family	556,529	580,000	610,000
----Of residential, multi-family	641,766	670,000	700,000
--Of total starts, commercial	43,732	46,000	53,000
Total Value of Commercial Construction Market ($US million)	289,593	265,000	260,000
Total Value of Repair and Remodeling Market ($US million)	N/A	N/A	N/A
Are tariffs on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal	Equal	Equal
Are tariffs on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal	Equal	Equal
Are there market development programs for construction, softwood or plywood imports funded by foreign governments?	No.	No.	No.
If yes, identify the following:			
--Country(ies)	N/A	N/A	N/A
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/	N/A	N/A	N/A
--Estimated annual market expansion outlay ($US million) by country	N/A	N/A	N/A
Is the acceptability of U.S. style timber frame construction (i.e., per building codes, mortgage availability, etc.) high, medium or low? 3/	High	High	High

Are consumer preferences for solid wood materials vis-a-vis non-wood materials in construction high, medium or low? 3/	High	High	High
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 3/	Medium	Medium	Medium
If price quotes for construction and structural wood products are available, identify the leading source(s)	N/A	N/A	N/A
1/ If other than equal, explain in report text. 2/ If "other", then explain in report text. 3/ If low or medium, explain in report text.			

STRATEGIC INDICATOR TABLE 3: FURNITURE & INTERIORS MARKET			
Country: Japan Report Year: 1999	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (number of units)	1,198,295	1,250,000	1,310,000
Total Number of Households)	44,330,000	44330000	44330000
Furniture Production ($US million)-Wooden-	2,910	2,765	2,630
Interiors Market Size ($US million)	26,052	25,530	25,000
Total Furniture Imports ($US million)	1,318	1,400	1,450
Total Furniture Exports ($US million)	208	212	220
Are tariffs on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	Equal	Equal	Equal
Are non-tariff barriers on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/	Equal	Equal	Equal
Are there market development programs for furniture or interiors market expansion funded by foreign governments?	No	No	No
If yes, identify the following:			
--Country(ies) 2/	-	-	-
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 3/	-	-	-
--Estimated annual market expansion outlay ($US million) by country	-	-	-

From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 4/	Medium	Medium	Medium
If price quotes for furniture and interiors products are available, identify the leading source(s)	-	-	-
1/ If other than equal, explain in text. 2/ If more than one country, report each country individually. 3/ If "other", explain form of subsidy in text. 4/ If low or medium, explain in test.			

STRATEGIC INDICATOR TABLE 4: MATERIAL HANDLING MARKET			
Country: Japan Report Year: 1999	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Value of Industrial Output ($US million)	2,884,570	2,913,000	2,971,000
New Pallet Production ($ US million)	731	767	800
Are consumer preferences for solid wood pallets and packaging materials vis-a-vis non-wood materials high, medium or low? 1/	High	High	High
Are industry/trade preferences for repaired/recycled pallets over new pallets low, medium or high? 1	High	High	High
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 1/	Low	Low	Low
Identify leading source(s) of price quotes:	N/A	N/A	N/A
Are there market development programs for the materials handling market expansion funded by foreign governments?	No.	No	No
If yes, identify the following:			
--Which Countries?	-	-	-
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/	-	-	-
--Estimated annual market expansion outlay ($US million) by country	-	-	-
1/ If low or medium, explain in text of report. 2/ If "other", explain in text of report.			

STRATEGIC INDICATOR TABLE 5: FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Japan Report Year: 1999	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes or Fees 1/	Total Cost of Import	Export Tax
4401.21-22	Wood Chips	Free	Free	5.0	5.0	None
4403.10-20	Softwood Logs	Free	Free	5.0	5.0	None
4403.10.210-230	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.91-92	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.99.190-110-210-290-310-390.	Temperate HW Logs	Free	Free	5.0	5.0	None
4403.10.220	Tropical HW Logs	Free	Free	5.0	5.0	None
4403.41-49	Tropical HW Logs	Free	Free	5.0	5.0	None
4404	Split poles/Piles,etc.	5.0-7.5	5.0-7.5	5.0	10.0-12.5	None
4405	Wood wool,flour	2.5	2.5	5.0	7.5	None
4406	Railway sleepers	Free	Free	5.0	5.0	None
4407.10. Softwood Lumber	**< 160mm; Thickness**					
-110; Pinus spp. Abies spp.	Picea spp; Planed	4.8	4.8	5.0	9.8	None
-121;Pinus spp.	Not planed	4.8	4.8	5.0	9.8	None
-129;	Other species	4.8	4.8	5.0	9.8	None
-210; Genus Larix	Paned or sanded	6	6.0	5.0	11.0	None
-290; Genus Larix	Not planed or sanded	6	6	5.0	11.0	None
4407.91-92	Temperate HW Lbr.	Free	Free	5.0	5.0	None
4407.99.100-210-290-400-500	Temperate HW Lbr.	Free	Free	5.0	5.0	None
4407.24; Tropical HW Lbr.	Virola, Mahogany	Free	Free	5.0	5.0	None
4407.25-26-29;Trop.HW Lbr.	Meranti,Lauan,etc.	6	6.0	5.0	11.0	None
4407.99.310-390	Tropical HW Lbr.	6	6.0	5.0	11.0	None
4408.10	Softwood veneers	5	5.0	5.0	10.0	None
4408.31;Meranti	Hardwood veneers	5	5.0	5.0	10.0	None
4408.39;Padok,Jeltong,Teak	Hardwood veneers	5.0-5.6	5.0-5.6	5.0	10.0-10.6	None
4408.90;Tsuge,Tagayasan, etc.	Hardwood veneers	5.0-5.6	5.0-5.6	5.0	10.0-10.6	None
4409.10;Softwood	Drawn wd,mouldings	3.6-5.0	3.6-5.0	5.0	8.6-10.0	None
4409.20;Non-Softwood	Drawn wd,mouldings	Free-5.0	Free-5.0	5.0	5.0-10.0	None
4410.11-19; Particleboard,	Waferboards, OSB	5.0-6.0	5.0-6.0	5.0	10.0-11.0	None
4410-90; Other boards/sheets	Wood materials	5.0-7.9	5.0-7.9	5.0	11.6-12.9	None
4411.11-19; Fiberboard	Density >0.8g/cm3	2.6	2.6	5.0	7.6	None
4412.13						None
-119	Hardwood Plywood	10	10.0	5.0	15.0	None
-122	Hardwood Plywood	8.5	8.5	5.0	13.5	None
-219	Hardwood Plywood	6	6.0	5.0	11.0	None
-229	Hardwood Plywood	6	6.0	5.0	11.0	None
4412.14.011;Tangue/groove	Hardwood Plywood	6	6	5.0	11.0	None
4412.14.019;Others	Hardwood Plywood	6	6.0	5.0	11.0	None
4412.19.011;Tang./groove	Softwood Plywood	6	6.0	5.0	11.0	None
4412.19.019; Others	Softwood Plywood	6	6.0	5.0	11.0	None
4412.22; With 1 trop.ply	Laminated Lumber	6	6.0	5.0	11.0	None
4412.23;With 1 particlebd.	Laminated Lumber	6	6.0	5.0	11.0	None
4412.29-92-93-99;Oths	Laminated Lumber	6	6.0	5.0	11.0	None
4413.00	Densified Wood	7.0	7.0	5.0	12.0	None

4414.00	Wooden Frames	3.2	3.2	5.0	8.2	None
4415; Crates, Pallets,	Packing cases,boxes	2.8	2.8-3.9	5.0	7.8-8.9	None
4416.00; Casks,barrels,	Vats, Tubs,etc.	2.2	2.2	5.0	7.2	None
4417.00; Tools,Tool bodies	Tool Handles,Broom	2.2-2.8	2.2-2.8	5.0	7.7-7.8	None
4418; Builder's Joinery &	Carpentry of Wood	Free-5.0	Free-5.0	5.0	7.0-10.0	None
4419.00; Tableware &	Kitchenware of Wood	2.7-4.7	2.7-4.7	5.0	7.7-9.7	None
4420; Wood Marquetry &	Inlaid Wood,caskets	Free-10.0	Free-10.0	5.0	7.7-15.0	None
4421; Other Articles of	Wood (eg.hangers)	Free-3.9	Free-3.9	5.0	7.9-8.9	None
4422	N/A					
4423	N/A					
4424	N/A					
4425	N/A					
9406.00; Prefabricated	Buildings & Parts	Free	Free	5.0	5.0	None
1/ Japanese domestic consumption tax						

Forest Situation:

- As Japan's national forest management priorities shift in policy focus, due to recent forestry legislation, from commercial production of timber to managing forests to protect the environment against natural disasters and meet public policy needs of keeping up with ecological requirements, 1997 log production from Japan's domestic forests totaled 21,545,000 m3, down 4% from previous year. Subsequently, 1998 log production dropped further down to 19,316,000 m3 by 10.4%, as compared to the previous year.

- By type of forest ownership, private timberland accounted for 15,888,000 m3 or 74% of the total log production in 1997, followed by the national forest timberland (i.e. forest service) with its 20% share, as shown in the table below.

1997 Domestic Log Production by Type of Forest Ownership

Forest Ownership	% Share	Volume (000 m3)	% Change 1/
Private ownership	73.7 %	15,888	-4 %
National Forest 2/	20.1 %	4,325	-6 %
Public Lands 3/	6.1 %	1,313	+5 %
Forest Develop. Corp. 4/	0.1 %	19	+12 %
Total:	100 %	21,545	-4 %

(Source: Ministry of Agriculture, Forestry & Fisheries)
1/ Per-cent changes from previous year.
2/ Forest service timberlands, owned and managed by Japanese Government.
3/ Public lands, owned and managed by prefectural governments and municipalities.
4/ Quasi-government agency specialized in forest resource development activities.

- According to a financial performance survey conducted in 1998 by the Japanese Forestry Agency on corporate forest owners, a typical firm engaged in the tree growing business in forests posted a net operating loss of 580,000 Yen per firm during the year ending between April 1997 and March 1998, as shown in the survey summary below. This is only a sketchy picture but a symbolic illustration indicating the poor business economics and chronic predicament of the forest and timber business in Japan.

Resources Employed: **Forest Labor Employed: 10.5 persons. Number of Work-days: 492 days.**

Financial Results of a Typical Corporate Forest Owner:
1) Operating loss was 5,870,000 Yen, up further from previous year.
-Sales revenue was 98,810,000 Yen**,** down 8.4% from previous year.
-Operating costs totaled 104,680,000 Yen , down 5.7% from previous year.
2) Non-operating profit was 3,770,000 Yen, down 6.5% from previous year.
3) Operating loss was 2,100,000 Yen in a negative turnaround from a profit in the previous year.
4) Current profit was (negative) 320,000 Yen and net profit (negative)580,000Yen.

Production:

Logs:

- Japan's total log supplies to the market totaled 39,404,000 m3 in 1998, down 15.2% from previous year in one of Japan's most protracted recessions. The volume consisted of 19,316,000 m3, produced from domestic wood resources, and 20,088,000 m3 from logs imported**.** Domestic log production volume of 19,316,000 m3 was down 10.4% and the imported log supplies of 20,088,000 m3 was down 19.4%, from the previous year.

- Of the total domestically produced log volume of 19,316,000 m3, softwood accounted for 15,214,000 or 79% of the volume and temperate hardwood for 4,102,000 m3 or 21%. Softwood log production was down 12% and temperate hardwood log production down 3% from previous year because of substantially reduced market demand.

- Of the total imported log volume of 20,088,000 m3 supplied to mills during 1998, 3,731,000 m3 (19%) came from tropical hardwood logs from the South Seas**,** 9,413,000 m3 (47%) from softwood logs from North America and 4,657,000 m3 (23%) from Russian softwood logs. As sources of log imports, supplies from South Seas were down 32.6%, supplies from North America down 16.1% and supplies from Russia down 13.1% in 1998 from previous year.

- Of the total volume of 39,404,000 m3 of logs supplied to Japan's wood industry, 71% went to lumber production and 13% to plywood production in 1998. The lumber industry demand totaling 28,070,000 m3 dropped 15% and plywood industry demand totaling 5,0604,000 m3 were down 26% from previous year because of sharply reduced industry production resulting from depressed market demand and steady growth in imports of sawn lumber and plywood products.

Lumber:

- Lumber production of all species totaled 18,862,000 m3 in 1998, down 13% from previous year.

- The number of lumber mills in support of this production totaled 12,810 in 1998. In a continuing downtrend of Japan's lumber producers, the number was down 5% (684 mills) from the previous year.

- Of the total log volume of 28,07,000 m3 going into lumber production in 1998, 48% of the raw materials came from Japan's domestic wood resources and 52% from imported wood fiber. The share of domestic wood fiber totaling 13,400,000 m3 was down 13% and the share of imports totaling 14,670,000 m3 down 17% from previous year.

- Total lumber production in June 1999, the latest month for which statistics are available, is reported as 1,609,000 m3. This is still marginally below the level of production a year earlier, but was up 5% from previous the month, reflecting an uncertain but slow recovery of lumber demand due to an improving housing market.

Plywood/Wood Flooring:

- Japan's 1998 plywood production was 3,267,000 m3. This total volume was down 23% from previous year, largely because of the rapid growth in imports of tropical plywood, notably from Indonesia and Malaysia.

- Of this domestic production, 26% or 858,000 m3 was produced with softwood raw material in 1998 in a historic departure from tropical hardwood which was the only raw material species used for decades by Japanese plywood industry. Softwood species used for softwood plywood production were largely larch logs imported from Russia and radiata pine imported from New Zealand and Chile.

- Plywood production during the first half (Jan-Jun.) of 1999 totaled 1,602,000 m3, down 6% from the same term of last year. However, the share of softwood plywood production, which was 436,000 m3 with 27% share, was up 13% from the same term of previous year, due to a steady growth in market demand in the housing sector. The uptrend in Japan's softwood plywood production is expected to continue, due to continuing growth in the market acceptance of the product features and price competitiveness on the market.

- The number of Japan's veneer and plywood mills in 1998 was 398, down 5% from previous year.

- Production of kiln-dried wood flooring stock in 1998, often with plywood core stock overlaid with thin hardwood veneer faces, was 3,272,000 square meters, down 8% from last year. The number of mills in support of this production was 37, the same as previous year.

Glue-laminated Wood Products(Gluelam):

- For the first time in 6 years, Japanese laminated wood production in 1998 declined substantially from the previous year. Impacted heavily by depressed demand and prices resulting from a poor housing market and a high inventory glutting the market, the industry's total production dropped 9.9% from previous year to 680,800 m3 in 1998.

- Nevertheless, there was a difference in intensity of the production decline between structural and non-structural products. While production of non-structural products, used for strictly visual, esthetic applications, dropped 17.3%, production of the structural stock, increasingly used for load-bearing members of the house constructions such as beams and joists, dropped only 2.8%, as shown in the following table.

Japan's Laminated Wood Production

Product \ Yr.	1996	1997	1998
Structural Stock	340,100 m3	385,000 m3	374,200 m3
% change 1/	+63.4%	+13.2%	-2.8%
Non-structural Stock	379,800 m3	370,900 m3	306,600 m3
% change 1/	+1.6%	-2.3%	-17.3%
Total:	719,900 m3	755,900 m3	680,800 m3
% change 1/	+23.7 %	+5.0 %	-9.9 %

(Source: Japan Gluelam Industry Association)
1/ Per-cent changes from previous year.

Particleboard/Fiberboard Products:

- Particleboard production in 1998 was 1,075,000 m3, down 13% from previous year. During the first half (Jan.-Jun.) of 1999, production grew 13% from the same term last year, due to a recovery in market demand.

- The following table is a summary of production during the last 5 years in this product sector.

Japan's Particleboard and Fiberboard Production (Unit-000 m3)						
Product\ Year	1994	1995	1996	1997	1998	1999(Jan.-Jun.) (% Change) 1/
Particleboard	1,216	1,252	1,292	1,232	1,075	573(+13%)
Hardboard	116	117	115	111	87	49(+17%)
M. D. F. 2/	330	317	401	393	321	162(+7%)
Insulation Board	639	644	636	616	507	225(-6%)

(Source: Ministry of International Trade and Industry)
1/ Per-cent change from the same term of previous year.
2/ Medium Density Fiberboard.

Laminated Veneer Lumber (LVL):

- According to the Japan Laminated Veneer Lumber Association, total distribution volume of LVL products during JFY 1998, ending March 1999, dropped 12.4% from previous year, resulting in the setback in volume per member firm to what it was 2 years earlier.

- Based on a survey of 15 Association member firms and 13 mills, total domestic LVL production and distribution volume by species for the year, including imports, was reported as follows.

1998 LVL Distribution Table(Apr.'98-Mar.'99)			
Supply Sources	Species	Volume(000m3)	% Change 1/
Japan Domestic Production	Hardwood	55	-29.1%
	Softwood	37	-24.8
Imported from Overseas for fabrication in Japan mills	Hardwood	46	+40.4%
	Softwood	48	-9.2%
Total	-	186	-12.4%

(Source: Japan LVL Association)
1/ Per-cent change from previous year.

Wooden Pallet Production:

- According to the Japan Pallet Association,1998 wooden pallet production dropped 9.9% from the previous year, because of a severe drop in demand in the key market sectors such as automotive and electronics industries

- Not only production but also prices dropped substantially due to the market pressures from key markets, as shown in the table below, with plastic pallets showing the only year-to-year growth in production in the foods and pharmaceuticals sectors, less affected by the recessionary economy.

1998 Pallet Production					
Material	Production 1/	% Share	% Change 2/	Unit Price 3/	% Change 4/
Wooden	**40,567**	**78.4%**	**-9.9%**	**2,426 Yen**	**-208 Yen**
Metal	2,091	4.0	-20.2%	14,569 Yen	-259 Yen
Plastic	4,441	8.6%	+2.6%	4,953 Yen	-462 Yen
Sheet	2,362	4.6%	-3.4%	534	-134 Yen
Paper	2,272	4.4%	-4.0%	1,205 Yen	-11 Yen
Total	**51,733**	**100%**	**-8.9%**	**-**	**-**

(Source: Japan Pallet Association)
1/ In units of 1,000 pieces.
2/ Per-cent change from previous year.
3/ Average unit price per piece.
4/ Per-cent change in Yen value from previous year.

Wood Consumption:

- The industry's lumber shipments in 1998 dropped 14% from the previous year. Because of the protracted Japanese economic recession accompanied by a severe decline of demand in housing and other industrial sectors, this was the worst year-on-year drop on the record.

- Unquestionably affected by a steady growth in the imports of lumber and other wood products over the last decade, the industry's lumber shipments from Japanese domestic mills have been consistently shrinking, as shown in the following table.

Industry's Lumber Shipments by Year									
Vol.\Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Volume(000 m3)	30,012	28,549	27,711	26,623	26,284	24,766	24,206	21,959	18,875
%Change(Yr./Yr)	-	-5%	-3%	-4%	-1%	-6%	-2%	-9%	-14%

(Source: Ministry of Agriculture, Forestry and Fisheries)

- Affected by growth of manufactured plywood imports from such countries as Indonesia and Malaysia, the industry's plywood shipments in 1998 totaled 3,267,000 cubic meters, down 23% from previous year.

Market Segment Analysis:

1) Construction Sector:

- Lumber shipments going into this sector, consisting of wood demand for housing construction, public, and civil engineering projects, dropped 13% from previous year but retained the share of 84% in total lumber shipments in 1998, with housing demand alone accounting for 80%. The percentage share of this sector in total lumber demand has been fairly stable during the last 9 years, as shown below.

Lumber Consumption in Construction Sector (Volume:100,000 m3)

Sector\Yr.	1990	1991	1992	1993	1994	1995	1996	1997	1998
Housing	235	223	219	212	212	199	196	175	151
Civil works	11	11	9.7	9.9	9.9	9.8	9.2	8.4	7.6
Total	246	234	229	222	222	209	205	183	159
% Share 1/	82%	82%	83%	83%	84%	84%	85%	83%	84%
% Change 2/	-	-5%	-2%	-3%	+/-0	-6%	-2%	-11%	-13%

(Source: Ministry of Agriculture, Forestry and Fisheries)

Notes: 1/ Percentage share in the industry's total lumber shipments.
2/ Year-on-year percent change, starting with 1990.

- As of mid-year 1999, Japan's housing starts, 80% of the lumber market and a critical component to Japan's economic recovery, is showing mixed signals for year. Following a disastrous housing year ending with 1,198,295 units in 1998, Japan's new housing starts showed a promising recovery through April, with projections pointing to 1,254,000 units on the seasonally adjusted annualized basis. In spite of the Japanese lackluster economy, all-time low house mortgage rates in the range of 2.2-2.6% PA, an income tax break available for home buyers for occupancy until the end of 2000 and substantially depreciated real estate and condominium prices to entice new purchases or replacement demand were available to support the projected recovery. Housing starts in July, however, totaled 102,553, up only 1.9% from the same month last year but down 1.3% on the year-to-date basis (Jan.-Apr. 1999) from the same term last year, with an annualized number running as low as 1,153,000 units.

- The following is a summary table of starts through July by sector, framing method and floor space.

1999 Housing Starts in Japan (As of the end of July,1999)				
Sector	July(Units)	% Change	Jan.-Jul.(Units)	% Change
Total Starts	102,553	+1.9	690,506	-1.3%
Detached/custom	42,084	+5.4%	290,196	+12.9%
Rental Housing	36,728	-2.9%	231,163	-9.0%
Corporate "	1,255	-20.9%	8,131	-25.7%
Speculative "	22,486	+5.4%	161,016	-9.2%
Wood-Framing	48,161	+1.1%	332,707	+5.3%
WF. Share	47%	Up 2 points	48%	Up 3 points
By Framing Method				
Condominium	13,086	+12.5	94,555	-12.8%
Prefab. Housing	16,133	+4.2%	107,165	+4.4%
2x4 Wood-frame	6,757	+18.9%	42,308	+11.0%
By Floor Space(Unit-1,000 square meters)				
All Housing	9,993	+4.8%	68,808	+3.4%
Wood-Framing	5,647	+3.5%	39,429	+9.4%

(Source: Ministry of Construction)

- Because of a slowdown in wood product demand anticipated from a perceived weakness in new housing construction, market prices of plywood and lumber are beginning to weaken as of the mid-year, causing Japanese importers to take a cautious stance in their new purchases for the rest of 1999.

- Japan’s most depressed housing market in years caused the country’s traditionally strong prefabricated housing industry to go through a significant setback in performance. Total prefab housing starts in Japanese fiscal year 1998 (Apr.’98-Mar.’99) totaled 225,375 units, down 15.3 % from previous year in a consecutive 2-year year-to-year downturn, as shown in the following table.

1998 Prefab. Housing Starts (Apr.'98-Mar.'99)			
Framing Material	Total & Height	Starts	% Change 1/
Wood Framing	Total Volume	40,022	-5.3%
	Low-rise building	38,045	-5.3%
	Mid-rise building	1,977	-4.8%
Steel-framing	Total Volume	161,039	-17.7%
	Low-rise building	143,381	-16.1%
	Mid-rise building	17,658	-28.5%
Concrete-framing with steel-reinforcements.	Total Volume	24,314	-13.8%
	Low-rise building	3,559	-9.7%
	Mid-to-high rises	20,755	-14.5%
Total:		225,375	-15.3%

(Source: Japan Prefab. Construction Association)
1/ Per-cent change from previous year.

- The imported housing sector, using a majority of building materials sourced from overseas with imported architectural concepts in framing for structural and interior designs, is enjoying some growth again. Supported by the Yen's recent appreciation over foreign currencies on the world currency markets making imported products cheaper, a trade survey of 123 builders and dealers in the business revealed that, in 1999, 8,475 units of order file by the trade were reported, up 15.7% from last year. This is still a small segment of Japan's total housing starts but is expected to enjoy a longer-range popularity among home buyers with an increasing diversity of their life styles and tastes.

2) Furniture & Interiors Sector:

- The share of this market as percent of Japan's domestic lumber shipments received in 1998, was 2.7%, down from 4.8% 9 years earlier, as shown in the table below.

Lumber Consumption in the Furniture & Interiors Sector									
Volume\Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Volume(000 m3)	1,437	1,271	1,161	1,030	928	807	710	647	503
% Share 1/	4.8%	4.5%	4.2%	3.9%	3.5%	3.3%	2.9%	2.9%	2.7%
% Change 2/	-	-12%	-9%	-11%	-10%	-13%	-12%	-9%	-22%

(Source: Ministry of Agriculture, Forestry and Fisheries)
1/ Percentage share in the industry's total lumber shipments.
2/ Year-on-year percent change, starting with 1990.

- The downtrend in this sector's lumber consumption in Japan is partly due to a shift in production investment to more cost-competitive, off-shore countries by key furniture and interiors manufacturers and also because of the steady growth in imports of manufactured furniture products over the years. A dwindling domestic wood resource base for hardwood, causing this sector as a market for wood products, notably hardwood species used typically for furniture production, has also increasingly constrained marketing.

- While Japan's furniture imports in 1998 dropped substantially from the previous year because of the country's protracted economic recession accompanied by a historic downturn in consumer spending, imports followed a remarkable double-digit growth pattern until 1997, as shown in the following table, with the U.S., Thailand, Taiwan, China, Indonesia, Malaysia, and Italy leading the roster of key export countries shipping wood and steel furniture as well as furniture parts to Japan.

Japan's Furniture Imports (Unit: Million Yen)

Product \ Year	1993	1994	1995	1996	1997	1998
All Furniture 1/	168,144	207,806	230,346	297,644	329,146	200,257
% Change	-	+24.3%	+10.8%	+29.2%	+10.6%	-39.1%
Wood Furniture 2/	75,912	105,767	122,555	159,852	168,177	51,245
% Change	-	+39.3%	+15.9%	+30.4%	+5.2%	-69.5 %

(Source: Ministry of Finance Customs Data)

1/ Covers furniture of all materials(eg. steel, wood, plastic) ,including furniture parts.
2/ Covers only wood furniture, excluding furniture parts.

- As Japan's economy begins to show signs of a recovery, furniture imports, while still going through a negative growth on the year-to-year basis, are improving. According to Japanese customs data, Japan's total furniture imports, including furniture parts, totaled 143.1 billion Yen during the first half of 1999, down 9% from the same term of last year, as opposed to 39% drop for the whole year of 1998. Imports of wooden furniture, excluding furniture parts, accounted for 46% of the total value at 662.2 billionYen, down 10.7% from the same term last year, as opposed to the 69% drop in 1998.

- Traditionally, temperate hardwood remains a preferred and dominant species used in furniture and interiors production of all types in Japan as overlays or solid wood. Because of the rising in-land costs in Japan of production for labor and logistics, however, there are growing indications that U.S. temperate hardwood are exported to labor-competitive countries such as Thailand, Taiwan, China and Indonesia and fabricated into furniture products or parts. These are then imported by Japanese importers in the form of finally assembled products or semi-finished forms for final assembly and marketing in Japan. While identification of these products in Japan's import statistics is virtually impossible, it is conceivable this type of product flow will increase due to an increasingly sophisticated world-wide trading system accompanied by various competitive advantages resulting from currency exchange rates.

3) Material Handling Market:

- The share of this sector in the industry's domestic total lumber shipments in 1998 was 10.3%, up from 9.1% 5 years earlier. The share 9 years earlier was 9.8%, indicating that wood demand from this sector have been quite stable, as shown in the following table.

Lumber Consumption in Material Handling Sector

Volume\ Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Volume(000 m3)	2,943	2,909	2,720	2,520	2,386	2,311	2,275	2,287	1,946
% Share 1/	9.8%	10.2%	9.8%	9.5%	9.1%	9.3%	9.4%	10.4%	10.3%
% Change 2/	-	-1%	-6.5%	-7.4%	-5.3%	-3.1%	-1.5%	+/-0	-15%

(Source: Ministry of Agriculture, Forestry and Fisheries)
1/ Percentage share in the industry's total lumber shipments.
2/ Year-on-year percent change, starting with 1990.

- Radiata pine (softwood), imported from New Zealand and Chile, remains a dominant material traditionally used for production of all types of wooden crates, pallets and boxes in Japan. The material handling sector, however, has been severely hit by the weakness of Japanese export industries during the last few years, resulting in the depressed market prices and causing, in turn, a substantial drop in Japanese imports of the wood. During the first half of 1999, for example, Japan's radiata log imports totaled 757,864 cubic meters, down 16%, and sawn lumber imports totaled 283,319 cubic meters, down 12% respectively from the same term last year.

- The market size for Japan's pallet production continues to remain relatively small, consisting of 250 producers and employing 3,779 workers as of 1997, according to official government statistics. Industrial output of this sector is reported as 85 billion Yen (approx. $731 million) for 1997, with 74% of the production accounted for by firms employing anywhere between 4 and 49 workers per firm. This sector certainly is a useful market for wood producers and exporters but, due to chronic price pressures and demanding product specifications built into the trade traditionally, it tends to be of secondary importance to them with constant pressures for higher market values for their wood.

Trade Highlights:

Lumber:

- During the first half of 1999, Japanese imports of lumber and wood products showed a rapid recovery from last year, albeit from a lower base. Total wood product imports from all sources of supply reached 4,828,000 cubic meters, up 30% from the same term of last year. This recovery was largely due to a slow but steady recovery of the housing market and liquidation of inventory in the pipeline on the market.

- Most remarkable in growth was the share of imports from Northern Europe, as anticipated. Albeit from a lower base last year, European softwood lumber shipments to Japan almost passed a benchmark of 1 million cubic meters in volume by June, and the Canadian share during the fist half of this year was up 32% from last year. Competitive advantage of the weaker European currency values, relative to the U.S. dollar**,** is considered to be accountable for greater cost competitiveness for European wood product exports, among other reasons.

- Japan's wood product imports from North America (i.e. Canada and U.S.), according to an industry report, jumped 19.8% from a year earlier to 2,229,242 m3 during the first half of this year. (So did Japan's log imports from North America by 14.5% up to 2,391,292 m3.)

- A Japanese industry's account of Japan's year-to-date receipts of lumber and wood products through June 1999, is shown in the table below.

1999 Imports of Lumber and Wood Products(Jan.-Jun.)		
Imported from:	Volume(000 m3)	% Change 1/
South Seas(Tropical hardwood)	410	+4.4%
North America (Softwood)	2,229	+19.8%
Russia(Softwood)	226	+41.7%
New Zealand (Softwood)	93	-9.7%
Chile (Softwood)	190	-12.7%
Europe (Softwood)	932	+87.8%

(Source: Japan Wood Importers Council)
1/ Per-cent change from the same term of previous year.

Plywood :

- Japanese plywood imports during the first half of 1999 totaled 2,597,000 m3, up 31.4% from the same term of last year. A breakdown of the total volume by major exporter country and the percent change, relative to the same term last year, is shown in the following table.

1999 Plywood Imports (Jan.-Jun.)			
Key Exporter	Volume(000 m3)	% Share	% Change 1/
Indonesia	1,525	59 %	+29.2%
Malaysia	880	34 %	+38.1%
Canada	114	4 %	+31.3%
Others	78	3 %	-
Total:	2,597	100 %	+31.4%

(Source: Ministry of Finance Customs Data)
1/ Per-cent change from the same term of previous year.

- Plywood imports in July 1999 totaled 407,000 m3, up 16% from the same month a year earlier. About 96 % of this volume was shipped by 3 key exporter countries; Indonesia with 230,000 m3. Malaysia with 142,000 m3 and Canada with 20,000 m3, all up 15.7%, 19.8% and 11% respectively from the same month last year.

- In the face of growing uncertainty about housing starts and market demand as well as an industry interest in keeping supplies under control to keep the market viable, plywood importers are in an extremely cautious stance in placing new orders. Nevertheless, indications are that 1999 plywood imports would recover to the range of 4,400,000 m3, up from 3,450,000 m3 in the previous year.

Glue-laminated Wood Products (Gluelam):

- Imports of this product line in 1998 dropped 44% in structural products to 148,869 m3 and 17% in non-structural products to 66,680 m3 from the previous year, impacted heavily by poor market demand and prices resulting from a glut of stock in the pipeline. During the first half of 1999, however, imports grew substantially in both of these product lines, as shown in the following table.

1999 Laminated Wood Product Imports(Jan.-Jun.)		
Product Line	Volume (m3)	% Change 1/
Structural Products	120,617	+76.2%
Non-structural "	42,479	+24.6%

(Source: Ministry of Finance Customs Data)
1/ Per-cent changes from the same term of previous year.

- With their whitewood products enjoying a well-established market acceptance, Europe continues to grow their glue-laminated structural wood exports to Japan, as shown in the following table.

1999 Imports of Structural Glue-lam Products By Country(Jan.-Jun.)		
Imported From:	Volume (m3)	% Change 1/
U.S.A.	22,013	+38.2 %
Austria	19,607	+100.4 %
Sweden	18,473	+108.1 %
Finland	13,917	+195.8 %
Russia	13,364	+19.3 %
Germany	12,001	+338.8 %
Canada	11,586	+59.7 %
New Zealand	4,817	+116.9 %
China	2,666	+88.1 %
Others	2,173	-
Total:	120,617	+78.5 %

(Source: Ministry of Finance Customs Data)
1/ Per-cent changes from the same term of previous year.

Particleboard/ Fiberboard Products:

- With the emergence of OSB (Oriented Strand Board) as a key structural panel imported from North America and the industry's recent product developments involving radiata pine in New Zealand and other species in Malaysia under Japanese manufacturing investments, imports of particleboard, including OSB, dropped 18.2% in the first half of this year. The continuing strength of the U.S. housing and panel markets attracting OSB shipments is considered accountable for the export drop. Of 4 key board product lines, MDF was the only product showing year-to-year growth, as shown in the table below.

1999 Imports of Particleboard and Fiberboards(Jan.-Jun.)		
Product	Volume	% Change 1/

Particleboard (m3)	179,512 2/	-18.2%
Hardboard (MT)	14,154	-13.2%
M.D.F (MT).	145,215 3/	+18.4%
Insulation Board (MT)	145	-88.7%

(Source: Ministry of Finance Customs Data)
1/ Per-cent changes from the same term of previous year.
2/ Consisting of imports from the following key exporting countries.

Exporter	Volume (m3)	Remarks
Canada	86,000	Down 9.3 % from '98. Includes OSB.
New Zealand	20,000	Down 5.7 % from '98. Includes "Tri-board", made up of MDF and waferboard.
Austria	22,000	Up 70.4% from '98.
Indonesia	8,000	Down 73.6 % from '98.
Malaysia	7,000	Down 65.2 % from '98.

3/ Consisting of imports from the following key exporting countries, with the combined share of 84%.

Exporter	Volume (MT)	Remarks
New Zealand	66,000	Up 72.1% from '98.
Malaysia	41,000	Down 7.8% from '98.
Australia	14,000	Up 9.2% from '98.

Industry Newsflash:

- A Japanese pallet manufacturer, with a production plant in Thailand, has recently made an added investment to triple its off-shore pallet production capacity to 18,000 cubic meters of wooden pallets. Following the financial crisis in 1997 and continuing devaluation of the country's currency, Thailand's export business is recovering and the locally produced pallets are supplied to the country's export sector such as electronics and automotive parts industries.

- A Japanese firm with a long history of business investments in Russia shipping 150,000 m3 of Russian lumber a year to Japan has announced a new business strategy, in a joint venture with a local Russian industry, to start harvesting softwood timber by employing 700 Russian loggers. About 80% of the logging production will be red pine and 20 % larch, and the firm plans to produce 650,000 cubic meters of logs next year to supply the joint venture’s sawmill in Russia as well as export logs to Japan.

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PSD Tables and Trade Matrix:

Softwood Logs:

PSD Table						
Country	Japan					
Commodity	Softwood Logs				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin				01/1996		01/1997
Production	17000	15214	16000	15300	0	16500
Imports	13000	11352	15000	13200	0	14500
TOTAL SUPPLY	30000	26566	31000	28500	0	31000
Exports	5	0	5	0	0	0
Domestic Consumption	29995	26566	30995	28500	0	31000
TOTAL DISTRIBUTION	30000	26566	31000	28500	0	31000

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Logs		
Time period	Jan-Dec	Units:	1000m3
Imports for:	1997		1998
U.S.	5547	U.S.	4193
Others		Others	
Russia	5750	Russia	4439
New Zealand	1981	New Zealand	1870
Chile	153	Canada	462
Canada	117	Chile	110
Finland	107	Australia	104
		Finland	56
Total for Others	8108	Total for Others	7041
Others not Listed	307	Others not listed	118
Grand Total	13962	Grand Total	11352

Export Trade Matrix			
Country	Japan		
Commodity	Softwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Rep. of Korea	2	Rep. of Korea	0
Total for Others	2	Total for Others	0
Others not Listed	0	Others not listed	0
Grand Total	2	Grand Total	0

Temperate Hardwood Logs:

PSD Table						
Country	Japan					
Commodity	Temperate Hardwood Logs				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1995		01/1996		01/1997
Production	4200	4102	4100	4120	0	4150
Imports	300	206	300	280	0	350
TOTAL SUPPLY	4500	4308	4400	4400	0	4500
Exports	0	0	0	0	0	0
Domestic Consumption	4500	4308	4400	4400	0	4500
TOTAL DISTRIBUTION	4500	4308	4400	4400	0	4500

Import Trade Matrix			
Country	Japan		

Commodity	Temperate Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	76	U.S.	56
Others		Others	
Russia	175	Russia	127
China	18	China	9
Denmark	5	Denmark	5
Germany	5	Germany	8
North Korea	2	France	1
Pap New Guinea	2		
France	2		
Total for Others	209	Total for Others	150
Others not Listed	2	Others not listed	0
Grand Total	287	Grand Total	206

Tropical Hardwood Logs:

PSD Table						
Country	Japan					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Production	0	0	0	0	0	0
Imports	4500	2694	5000	3000	0	3500
TOTAL SUPPLY	4500	2694	5000	3000	0	3500
Exports	0	0	0	0	0	0
Domestic Consumption	4500	2694	5000	3000	0	3500
TOTAL DISTRIBUTION	4500	2694	5000	3000	0	3500

Import Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Logs		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Pap.New Guinea	1924	Pap.New Guinea	1290
Malaysia	1744	Malaysia	855
Solomon Islands	401	Solomon Islands	176
Gabon	229	Russia	154
Russia	212	Gabon	60
Eq. Guinea	123	Eq. Guinea	28
Cameroon	118	Cameroon	28
China	42	Indonesia	11
Total for Others	4793	Total for Others	2602
Others not Listed	140	Others not listed	92
Grand Total	4933	Grand Total	2694

Wood Chips:

PSD Table						
Country	Japan					
Commodity	Wood Chips				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1995		01/1996		01/1997
Production	5000	5413	5500	5700	0	5900
Imports	13000	13731	13500	13300	0	13600
TOTAL SUPPLY	18000	19144	19000	19000	0	19500
Exports	0	0	0	0	0	0
Domestic Consumption	18000	19144	19000	19000	0	19500

TOTAL DISTRIBUTION	18000	19144	19000	19000	0	19500

Import Trade Matrix			
Country	Japan		
Commodity	Wood Chips		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	1997		1998
U.S.	4614	U.S.	4021
Others		Others	
Australia	3928	Australia	3961
Chile	1334	Chile	1352
South Africa	1111	South Africa	1302
China	688	China	665
Brazil	524	Brazil	542
Canada	307	Canada	363
New Zealand	223	New Zealand	301
Indonesia	185	Thailand	202
Equador	169	Indonesia	174
Fiji	124	Fiji	142
Total for Others	8593	Total for Others	9004
Others not Listed	676	Others not listed	706
Grand Total	13883	Grand Total	13731

Softwood Lumber:

PSD Table						
Country	Japan					
Commodity	Softwood Lumber				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1995		01/1996		01/1997
Production	20000	17782	20000	18600	0	19500
Imports	10000	6639	11000	8400	0	9000
TOTAL SUPPLY	30000	24421	31000	27000	0	28500
Exports	0	1	0	0	0	0
Domestic Consumption	30000	24420	31000	27000	0	28500
TOTAL DISTRIBUTION	30000	24421	31000	27000	0	28500

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	1300	U.S.	664
Others		Others	
Canada	5592	Canada	3795
Finland	584	Finland	415
Chile	608	Chile	378
Russia	523	Russia	310
Sweden	792	Sweden	293
New Zealand	335	New Zealand	244
Austria	463	Austria	286
China	107	China	57
Germany	93	Germany	23
Total for Others	9097	Total for Others	5801
Others not Listed	285	Others not listed	174

Grand Total	10682	Grand Total	6639

Temperate Hardwood Lumber:

PSD Table						
Country	Japan					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1995		01/1996		01/1997
Production	700	649	700	750	0	900
Imports	950	601	1050	650	0	800
TOTAL SUPPLY	1650	1250	1750	1400	0	1700
Exports	1	5	1	0	0	0
Domestic Consumption	1649	1245	1749	1400	0	1700
TOTAL DISTRIBUTION	1650	1250	1750	1400	0	1700

Import Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	229	U.S.	115
Others		Others	
China	295	China	190
Indonesia	195	Indonesia	125
Malaysia	178	Malaysia	110
Canada	18	Canada	11
Thailand	14	Australia	8
Brazil	11	Brazil	7
Philippines	11	Thailand	7
Australia	9	Philippines	5
Italy	4	Germany	3
Chile	4	Italy	2

Total for Others	739	Total for Others	468
Others not Listed	39	Others not listed	18
Grand Total	1007	Grand Total	601

Export Trade Matrix			
Country	Japan		
Commodity	Temperate Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Exports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Malaysia	0.5	Germany	3
Indonesia	0.5	China	1
Total for Others	1	Total for Others	4
Others not Listed	0	Others not listed	1
Grand Total	1	Grand Total	5

Tropical Hardwood Lumber:

PSD Table						
Country	Japan					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1995		01/1996		01/1997
Production	500	431	500	500	0	500
Imports	500	299	600	300	0	400
TOTAL SUPPLY	1000	730	1100	800	0	900
Exports	0	0	0	0	0	0
Domestic Consumption	1000	730	1100	800	0	900
TOTAL DISTRIBUTION	1000	730	1100	800	0	900

Import Trade Matrix			
Country	Japan		
Commodity	Tropical Hardwood Lumber		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Malaysia	288	Malaysia	167
Indonesia	146	Indonesia	89
		Cambodia	12
		Brazil	5
Total for Others	434	Total for Others	273
Others not Listed	65	Others not listed	26
Grand Total	499	Grand Total	299

Hardwood Veneer:

PSD Table						
Country	Japan					
Commodity	Hardwood Veneer				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Production	3200	2680	3450	3500	0	3500
Imports	100	79	150	90	0	100
TOTAL SUPPLY	3300	2759	3600	3590	0	3600
Exports	0	9	0	0	0	0
Domestic Consumption	3300	2750	3600	3590	0	3600
TOTAL DISTRIBUTION	3300	2759	3600	3590	0	3600

Import Trade Matrix			
Country	Japan		

Commodity	Hardwood Veneer		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	8	U.S.	4
Others		Others	
Malaysia	80	Malaysia	46
China	20	China	19
Indonesia	4	Indonesia	4
Philippines	3	Philippines	0
Germany	2	Germany	2
Canada	2	Canada	1
Paraguay	2	Paraguay	1
Total for Others	113	Total for Others	73
Others not Listed	6	Others not listed	2
Grand Total	127	Grand Total	79

Export Trade Matrix			
Country	Japan		
Commodity	Hardwood Veneer		
Time period	Jan-Dec	Units:	1000 m3
Exports for:			1
U.S.	0	U.S.	0
Others		Others	
Indonesia	5	Indonesia	4
Malaysia	3	Malaysia	2
Rep. of Korea	1	Rep. of Korea	0
		Taiwan	1
Total for Others	9	Total for Others	7
Others not Listed	2	Others not listed	2
Grand Total	11	Grand Total	9

Hardwood Plywood:

PSD Table						
Country	Japan					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Production	3000	2409	3000	3100	0	3200
Imports	4500	3453	5000	4400	0	4500
TOTAL SUPPLY	7500	5862	8000	7500	0	7700
Exports	0	5	0	5	0	5
Domestic Consumption	7500	5857	8000	7495	0	7695
TOTAL DISTRIBUTION	7500	5862	8000	7500	0	7700

Import Trade Matrix			
Country	Japan		
Commodity	Hardwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	0	U.S.	3
Others		Others	
Indonesia	3092	Indonesia	2232
Malaysia	1504	Malaysia	1178
Total for Others	4596	Total for Others	3410
Others not Listed	0	Others not listed	40
Grand Total	4596	Grand Total	3453

Export Trade Matrix			
Country	Japan		
Commodity	Hardwood Plywood		
Time period	Jan-Dec	Units:	1000 m3

Exports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Malaysia	0	Rep. of Korea	3
Total for Others	0	Total for Others	3
Others not Listed	0	Others not listed	2
Grand Total	0	Grand Total	5

Softwood Plywood:

PSD Table						
Country	Japan					
Commodity	Softwood Plywood				1000 CUBIC METERS	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1995		01/1996		01/1997
Production	1200	858	1300	1000	0	1100
Imports	400	251	450	300	0	350
TOTAL SUPPLY	1600	1109	1750	1300	0	1450
Exports	0	0	0	0	0	0
Domestic Consumption	1600	1109	1750	1300	0	1450
TOTAL DISTRIBUTION	1600	1109	1750	1300	0	1450

Import Trade Matrix			
Country	Japan		
Commodity	Softwood Plywood		
Time period	Jan-Dec	Units:	1000 m3
Imports for:	1997		1998
U.S.	40	U.S.	7

Others		Others	
Canada	314	Canada	189
New Zealand	49	New Zealand	46
Total for Others	363	Total for Others	235
Others not Listed	22	Others not listed	9
Grand Total	425	Grand Total	251

End of Report.