



Foreign Agricultural Service

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## **Japan**

### **Forest Products**

### **Japan's Current Plywood Imports and Softwood**

### **Plywood Production**

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#### **Report Highlights:**

Japan's plywood imports in 1998 will remain at unexpectedly low levels. The poor import performance is due to Japan's depressed housing construction and plywood market. Accordingly, Japan's plywood industry forecasts, for the second half of 1998, average monthly volume of imports not exceeding 350,000 cubic meters with annual import volume only reaching 4,100,000 cubic meters, about the same level as 1993 and 1994. Japan's total softwood plywood production is expected to reach 309,000 cubic meters during the 3rd quarter (July - September), up from 308,000 cubic meters in the previous quarter, but down 15% from the same term last year.

Includes Trade Matrix: No  
Unscheduled Report  
Tokyo[JA1] JA

## **Plywood Imports**

Despite concerns among Japanese market players about a surge in plywood imports this year, particularly of hardwood plywood imports from Indonesia and Malaysia where devaluation of their currencies has strengthened their cost competitiveness, 1998 imports will likely remain at unexpectedly low levels. The slack import levels are due to the depressed Japanese housing construction and plywood market resulting in hand-to-mouth buying and restraint by Japanese importers.

According to Japanese Customs data, plywood imports during the first half of 1998 totaled 1,977,000 cubic meters, down 36.2% from the same term last year. Hardwood imports from Indonesia reached only 1,181,000 cubic meters, down 36.6%, imports from Malaysia were 638,000 cubic meters, down 29.1%, and softwood plywood imports from Canada were only 87,000 cubic meters, down 58.3% from the same term last year. As a result, the Japanese industry is forecasting, for the second half of 1998, average monthly imports of less than 350,000 cubic meters with annual imports reaching only 4,100,000 cubic meters, about the same level as 1993 and 1994.

The same gloomy plywood import outlook explains Japan's tropical hardwood log imports, products indispensable to plywood producers as raw materials. According to industry sources, tropical hardwood log production in some key producing countries, such as Papua New Guinea and Malaysia (State of Sarawak), remains lackluster for the following reasons.

- 1) Extremely low log inventories on port docks ready for export
- 2) Weakened export log prices for Japanese shipments
- 3) Lack of profit incentive for further log production on the part of local logging firms
- 4) Logistical log harvesting problems in local timberlands for delivery to the log yards resulting from heavy rainstorms affecting areas earlier this year

## **Softwood Plywood Production**

The Japanese Plywood Industry Association announced that, during the 2nd quarter (April to June) of 1998, softwood production was 308,000 cubic meters, down 14.1% from the same term last year. Raw material softwood logs used for the production totaled 387,000 cubic meters, down 14.3%, and softwood veneer used for production totaled 428,000 cubic meters, down 21.6% from the same term last year. Of the total softwood plywood production of 308,000 cubic meters, 62.9% (194,000 cubic meters) was made up of the softwood stock 100%, with the balance constituting stock combining softwood and hardwood in the lay-up of plywood products.

During the 3rd quarter (July - September), the volume of softwood production will slightly increase from the previous quarter resulting in a softwood log consumption volume of 391,000 cubic meters, up from 387,000 cubic meters, and a softwood veneer consumption of 432,000 cubic meters, up from 428,000 cubic meters. Total softwood plywood production is expected to reach 309,000 cubic meters during the 3rd quarter, up from 308,000 cubic meters in the previous quarter but down 15% from the same term last year.

Softwood logs used during the 2nd quarter for plywood production, by source of Japan's import, are shown below.

**Softwood Logs Used for Softwood Plywood Production During the 2<sup>nd</sup> Qtr, 1998.**

<b>Source of Softwood Logs</b>	<b>Volume(1000 m3) (Share)</b>	<b>% Change From 1997</b>
Russia	222 (57.4%)	-26.0%
New Zealand/Chile	64 (16.5%)	-32.0%
<b>North America (U.S./Canada)</b>	<b>6 (1.5%)</b>	<b>-23.4%</b>
Africa	20 (5.2%)	-43.1%
Japanese domestic forests	10 (2.6%)	-74.1%
Others	65 (16.8%)	-
<b>Total</b>	<b>387 (100%)</b>	<b>-14.3%</b>