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Japan

Solid Wood Products

Japanese Laminated Wood Market Attains All-Time High Growth in 1999 2000

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Report Highlights:

Japanese production of laminated wood products in 1999 totaled 766,500 cubic meters, an all-time high. Coupled with imports, the market size is well over 1 million m3 and is expected to keep growing as home builders prepare to comply with legal requirements of Japan's new Housing Quality Assurance Law with a mandatory 10-year warranty requirement, effective this year.

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

Executive Summary

According to industry sources, Japanese laminated wood production in 1999 totaled 766,500 cubic meters, up 12.6% from previous year. Production of stock for structural applications in building construction, such as load-bearing beams, joists and posts, grew 29.3% from the year before, as that of non-structural stock, made up of laminated wood products with higher value-added features than structural stock for "visual, decorative appearance" such as wood furniture parts, declined 7.8% in 1999, as compared to the previous year.

Following is a statistical history of the Japanese laminated wood production.

Japan's Laminated Wood Production (Cubic meters)						
Year	Non-Structural	Yr./Yr. % Change	Structural	Yr./Yr. % Change	Total Volume	Yr./Yr. % Change
1995	373,783	-0.9%	208,130	+19.6%	581,913	+5.6%
1996	379,800	+1.6%	340,100	+63.4%	719,900	+23.7%
1997	370,900	-2.3%	385,000	+13.2%	755,900	+5.0%
1998	306,800	-17.3%	374,200	-2.8%	681,000	-9.9%
1999	282,800	-7.8%	483,700	+29.3%	766,500	+12.6%

(Source: Japan Laminated Wood Industry Association)

In a remarkable contrast to the previous year of 1998 when the industry had to restrain production in efforts to cope with a high inventory in response to depressed market demand, production growth last year resulted from demand growing by leaps and bounds across the market for dried and greater size accuracy as well as strength required in structural members of the home construction. Of the outstanding production growth for 29.3% in structural stock in 1999, stock with a small cross section of less than 300 cm in width, used principally as "laminated posts" in conventional post and beam housing, accounted for 37.7% growth (ie.246,900 cubic meters) and stock for medium cross section of widths larger than 300 cm, used mainly as beams and joists in horizontal applications in the post and beam housing, for 29.4% growth (ie. 120,900 cubic meters), as compared to the previous year respectively.

Japan's laminated wood imports, on the other hand, totaled 349,599 cubic meters in 1999, up 68.8% from previous year. As a result, Japan's total distribution volume of laminated wood products, combining domestic production and imports, attained 1,116,099 cubic meters, up from 1,103,000 in the previous year, to renew an all-time high record in the volume. As Japanese housing market proceeds to comply with legal demands of the new Housing Quality Assurance Law in place starting this year to make 10-year warranty a mandatory requirement on the basic structural parts of a building structure to be fully met by all home builders and manufacturers, all indications are that this market will grow even further, posing a wholly new marketing opportunity for the U.S. wood industry exports.

As for the raw material sources for Japanese wood laminating industry, Northern Europe (e.g. Finland, Norway, Sweden) stood out as a top supplier of the lam. stock, sharing 39.6% of the market, with North America (e.g. Canada, U.S.) supplying 31.8% of the raw material wood fiber required by Japanese producers. Japanese domestic forests supplied 15.7% of the fiber in 1999 and Russia only 0.6%, down 4.2 points from previous year.

A few other features of the industry in 1999:

- Distribution channels for products, in terms of their share in volume handled:
 - Through trading houses and their subsidiaries specialized in building product distribution.....30.7%, up 4.6 points from previous year.
 - Through lumber and building material wholesalers.....22.7%, down 2.3 points from previous year.
- Number of laminated wood producers: 280.
- Magnitude of employment in the industry: 6,991.
- Industry's production value: 146,400 million Yen. (Approx. US\$1.4 billion).

End of Report.