

### Japan's wood products export in 2017

Total value of wood products export in 2017 was 32,647 million yen, 37% more than 2016. Main factor is increased export of logs to China and rapid expansion of cedar lumber export to the U.S. market.

Log export to China was 776,004 cbms, 61.8% more than 2016 with the value of 10,299 million yen, 83.5% more. The value has been increasing year after year. Unit price per cbm in 2015 was 12,212 yen then 13,271 yen in 2017. 89.7% of logs exported for China was cedar. They are used for crating lumber, concrete forming panel and materials for public works construction so the prices are more important than the quality but demand for low priced logs in Japan has been climbing with increasing starts of biomass power generation facilities. Present log prices for biomass fuel are 7,000 yen per cbm delivered chip yard while export cedar log prices are 8,000-9,000 yen per cbm delivered port so fuel log prices may push export low grade log prices up higher.

China eyed the U.S. market for export of cedar lumber then Japan also started exporting rough cedar lumber for the U.S. market mainly for fencing. The U.S. market prefers dark colored sap wood and black core, which Japan market does not like. Also cedar has strong water resistance and durability for exterior use.

Cedar lumber export to the U.S. market in 2017 was 15,000 cbms, four times more than 2016.

Korea prefers Japanese cypress to cedar. Cypress is mainly used for interior finishing. In Korea cypress is believed to be good for health. Cypress price is higher than cedar so that export value for Korea is higher than China. An average unit price for Korea was 17,384 yen per cbm as against 13,271 yen for China.

For Taiwan, log export volume is declining but lumber export continues expanding.

Majority of shipping ports are in Kyushu, where is closer to China and Korea geographically.

#### Trend of wood products export

	Items	2015	2016	2017	'17/'16
China	Logs	469,685	479,741	776,009	161.8
	Lumber	26,774	45,724	62,629	137.0
Korea	Logs	144,362	103,078	132,985	129.0
	Lumber	7,869	7,856	8,765	111.6
Philippine	Logs	15	84	--	--
	Lumber	1918,853	20,331	32,342	159.1
Taiwan	Logs	74,586	61,410	55,412	90.2
	Lumber	1,966	4,401	6,389	145.2
U.S.A.	Logs	---	--	--	--
	Lumber	64	3,359	13,040	387.1
Vietnam	Logs	2,410	5,348	5,516	103.1
	Lumber	2,593	3,657	5,008	136.9
Others	Logs	511	489	625	127.8
	Lumber	2,338	2,035	1,822	89.5
Total	Logs	691,589	650,150	970,547	149.3
	Lumber	60,457	87,363	129,959	148.8

Unit : cubic meter Comparison : %

### Douglas fir export prices dropped

For May shipment, Supplier's export prices of North American Douglas fir logs are down by \$10 from April prices on all the sorts.

There is no factor to reduce the prices as North American lumber market continues strong and demand for logs is very active but the largest Douglas fir log supplier considers tough situation Japanese Douglas fir log sawmills and decided to reduce the prices.

This is the first price drop in 22 months. SS sort prices are \$1,050 per M Scribner FAS. IS sort prices are \$1,030 and SLC prices are \$1,020.

For the Japanese sawmills, the cost is up despite FAS reduction because the yen is weakening and ocean freight is up so that the cost is up by 500-600 yen per cbm from April and this is about 1,000 yen higher compared to the bottom prices.

FAS prices had been held unchanged from January shipment and the cost was down by strong yen but now the yen is depreciating again with higher ocean freight. Douglas fir sawmills raised the lumber sales prices in March for square and side cut but prices of main product of beam remained unchanged because of competition with European redwood laminated beam.

North American lumber market prices dropped once in March then they rebounded again and weighted average prices of 15 structural lumber in the last week of April are \$506, \$8 higher than previous week and are getting close to the record high prices of \$512 so log prices stay up high even with increased log production.

The supplier says that there is ample log inventories for export and log production is steady, which is reason for compromise.

In Canada, stumpage in B.C. climbed and some log suppliers reduce the production so log supply is getting tight and log prices in open market continue strong. This tightens block for export so export log prices continue climbing.

### Busy demand of PB for floor

Demand of particleboard for floor standing (floor for concrete condominiums, which is placed on concrete slab with vibration proof supporting bars with rubber) is temporarily slowing in April but the demand should continue strong as there are constructions of many new large concrete condominiums.

20 mm thick 2x6 is used for this purpose but supply of this size is tight and other sizes like 25 mm thick and 3x6 are used.

PB manufacturers are running fully but they manufactures other products so this size is chronically short in supply.

Tokyo Board Industry's new Sakura plant has started manufacturing since late March and it is operating 24 hours a day since April 10 to catch up busy demand.