

Press Release – For Immediate Release

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Japanese log imports fell 34% in 2008 – US replaces Russia as the leading supplier to Japan

Importation of logs to Japan has declined for four consecutive years and was in 2008, 34 percent lower than the previous year and 50 percent lower than in 2004, reports the Wood Resource Quarterly. Practically the entire decline from 2007 has been that of Russian shipments and the US has now become the leading supplier of logs to Japan.

Seattle, USA. May 2009. Japan is the second largest importer of logs in the world after China. For many years, sawmills in the country have been very dependent on the importation of sawlogs for their wood raw-material needs, relying on 35 percent foreign logs in 2008. Imports of logs have fallen over the last ten years, while imports of processed products such as lumber, plywood and fiberboard have increased during much of the past decade. In 2008, log imports equaled only 40 percent of 1998 imports, whereas import volumes of lumber and wood-based panels were practically the same as ten years ago.

Over the past 15 years, Russia has been a very important supplier of logs to sawmills and plywood mills in Japan and has consistently had the largest market share of the Japanese log market. This share was 28 percent in 1993 and grew to almost 55 percent at the peak in 2006, but has fallen substantially since then, reaching a low of only 17 percent in early 2009. This is because Russia is no longer the low-cost timber source it once was. Only five years ago, Russian sawlog prices in Japan were on par with Radiata pine from New Zealand and over US\$100/m³ cheaper than US Douglas-fir logs. Now, however, they are 75 percent higher than Radiata pine and only US\$30/m³ less expensive than Douglas-fir.

Japanese companies are likely to increase imports of logs from New Zealand and North America because costs for Russian logs are going up and the supply is considered less reliable long-term. Short-term, this shift is more a matter of changing markets shares from Russia to other supplying regions, but as the housing starts increase in Japan in 2010 or 2011 as they are expected to do, log import volumes will go up and opportunities will therefore exist for log exporters in the US, Canada, New Zealand and even Europe to ship more logs to Japan in the future if the freight rates are acceptable.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 20 countries, tracks sawlog and pulpwood prices in most regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

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