

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Importation of logs, lumber and plywood to Japan in 2011 is likely to be at its highest since 2008 because of post-earthquake and tsunami re-building, reports the WRQ

Japan is in urgent need of pre-fabricated houses and manufactured wood products in the aftermath of the earthquake and tsunami that hit the country in early March. Longer term, it can be expected that imports of commodity products such as plywood, lumber and logs will increase to this country, which is already one of the largest importers of wood products in the world, according to the Wood Resource Quarterly

Seattle, USA. The earthquake and tsunami that hit Japan on March 11 is first and foremost a humanitarian tragedy that is difficult to comprehend. Over 10,000 people died during and in the immediate aftermath; more than 400,000 people lost their homes and 100-150,000 buildings were destroyed. The re-building of towns, roads, railways and the power grid in the impacted region northeast of Tokyo will be a lengthy and difficult undertaking.

Much is still uncertain regarding short-term and long-term changes in the importation of forest products as a result of the catastrophe, but the need for construction material is going to be considerable in the coming years. Initially, there have been requests from Japanese authorities and trading houses for pre-fabricated houses. There have also been inquiries for glue-laminated products and other pre-cut wood products that more quickly can be used for re-building efforts, as opposed to need for basic commodities such as lumber and plywood. To start with, the government has asked for 30,000 temporary houses within two months.

Japan is one of the largest importers of wood products in the world. In 2010, the country imported wood raw-material (logs and chips) and processed wood products valued at more than ten billion dollars, which was 20 percent more than in 2009, as reported in the Wood Resource Quarterly. Japan was the biggest importer of wood chips and plywood, the second largest importer of logs, and was ranked the third biggest importer of lumber in the world last year.

It is not likely that imports of lumber, plywood and sawlogs will increase much in the next few months before ports and access roads have been cleared and the power has been restored for at least the most basic needs. Over the next 6-12 month, it can be expected that there will be a rise in demand for both lumber and plywood. This will result in increased importation of processed products and of logs to supply domestic Japanese mills. Based on contacts already established between importers in Japan and manufacturers around the world, it is probable that there will higher shipments of softwood lumber from Canada, the US, Russia, Sweden and Finland later this year. The

major suppliers of plywood will most likely continue to be Malaysia, Indonesia and China.

Japan imported 3.6 and 4.1 million m³ of softwood logs in 2009 and 2010, respectively. As the domestic forest industry increases production later in 2011, imports of logs predominantly from the US, Canada, New Zealand and Russia can be expected to increase to their highest levels in at least three years.

Global timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices and market developments in most key regions around the world.

Contact Information

Wood Resources International LLC

Hakan Ekstrom

info@wri-ltd.com

www.woodprices.com