

Japan's Wood Imports in 2020

June 2021

Wood Products Trade Office
Forestry Agency, JAPAN

1. Global Wood Demand/Supply in 2020

- In 2020, the shortage of marine containers caused by the COVID-19 pandemic has substantially raised the costs for international transportation.
- China began to recover from the pandemic at relatively early stage, but East Asian countries still face stagnation in production.
- US Lumber price rose unprecedentedly due to the rapid increase in housing construction in the US.

【Impacts of container shortage】

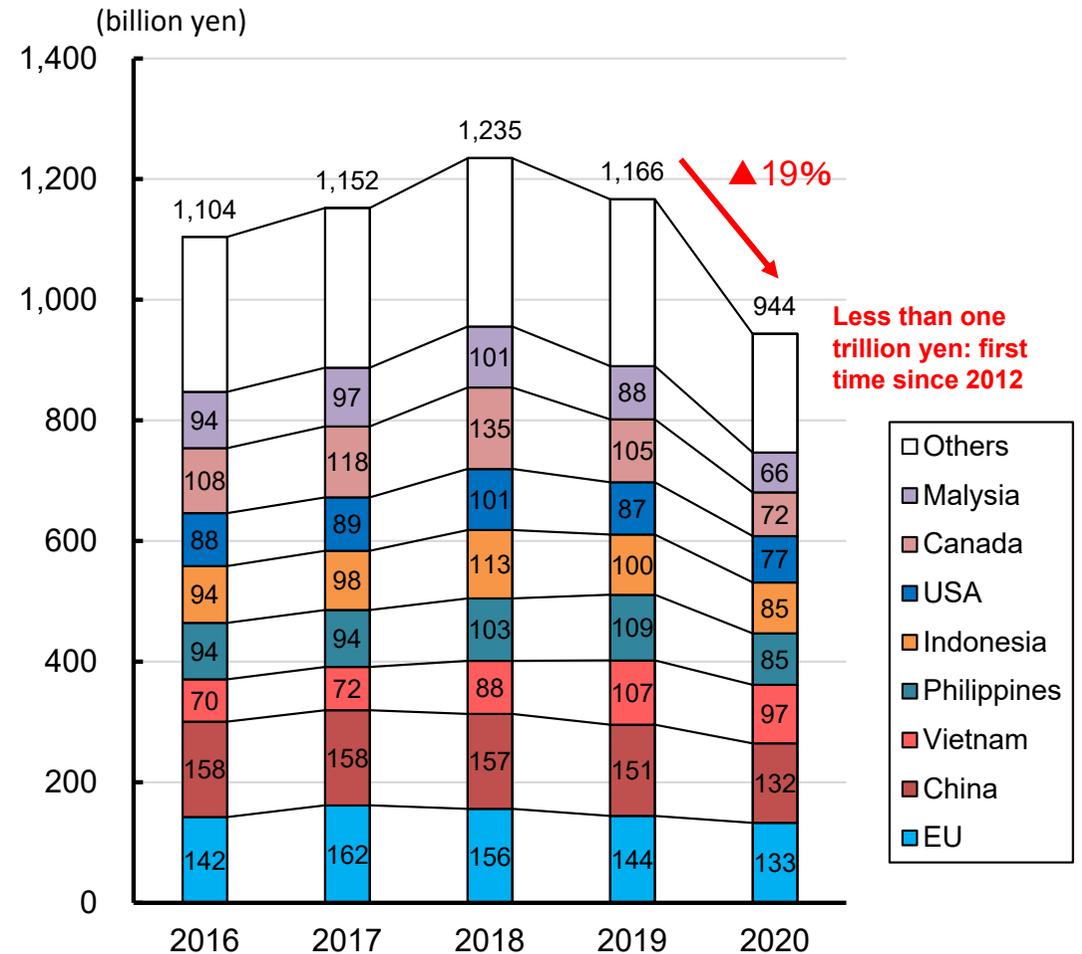
- COVID-19 pandemic spread from China to the world since spring in 2020. Production in many countries stagnated due to the lockdown measures.
- China began to restart economic activities at relatively early stage. As the demand for goods expanded in the US and Europe for “stay-home consumption” from summer, exports from China to US and EU suddenly increased, leading to the shortage of marine containers in Asia.
- Resultant higher transportation costs severely affected exporting countries.

【Regional trend】

- **US:** Repair and remodeling of housings became active during the lockdown period. Housing starts increased with more relocating demand in the suburbs and lower mortgage rate. Wood demand began to rise from the second QT, driving lumber price up to the historical level at the year end.
- **EU:** After the resumption of economic activities, domestic wood demand recovered with the robust construction market and increasing demand in DIY. Exports to the US also increased. Log supply was abundant from salvage logging of nematode-damaged trees.
- **SE Asia:** Production of plywood was temporarily suspended in Malaysia and Indonesia. Malaysia suffered from labor shortage due to the entry restriction of foreign labor force. Log supply was limited due to bad weather.
- **NZ:** Harvesting and exports were suspended. Exports to China significantly increased after the economic resumption.
- **China:** Log import was relatively stable during the lockdown, while imports from Germany and Chez increased. In December, the Chinese Custom banned imports of all Australian wood for the prevention of spread of nematodes.

2. Value of Wood Imports

- The value of wood imports (HS44) in 2020 declined to 94.36 billion yen, a 19% drop from the previous year. This is the first time the value dropped less than one trillion yen since 2012.
- EU became the largest exporting country in value to Japan, surpassing China, for the first time.
- Most of countries showed decline in value of wood imports: EU declined by 8%, China by 13%, Vietnam by 9%, Philippines by 22%, and Indonesia by 15%.



Source: Ministry of Finance “Trade Statistics”

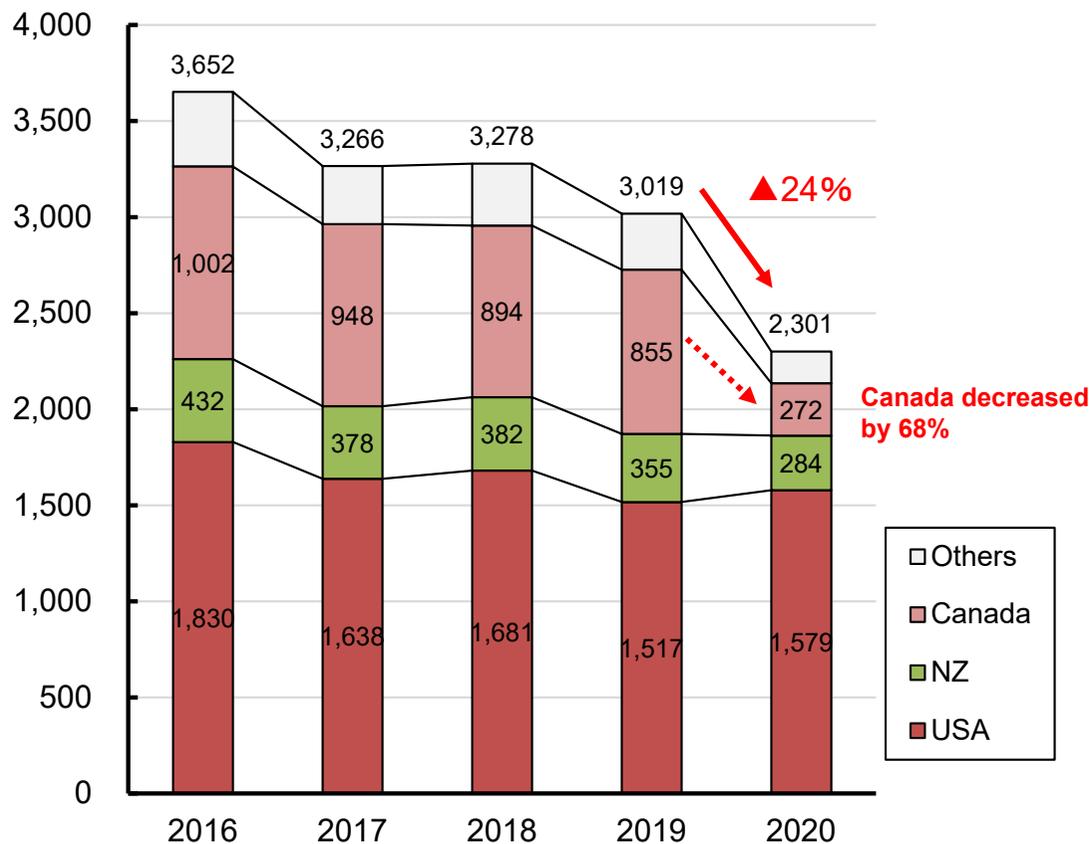
Note: Values in 2020 are preliminary data..

Japan’s wood import value

3. Volume of imports by product – (1) Log

- The volume of Japan's log imports declined to 2.30 million m³ in 2020, a 24% drop from the previous year.
- The US (share: 69%) increased by 4% to 1.58 million m³. US logs covered the sharp decline in imports of Canadian logs.
- NZ (share: 12%) declined by 20% to 284 thousand m³, shifting their export destination to China. The volume of imports from NZ was zero in May and October.
- Canada (share: 12%) also declined by 68% to 272 thousand m³, due to the logging suspension by the Canada's largest log exporting company for its strategic objective. The volume of imports from Canada was zero in May and September.

(thousand m³)



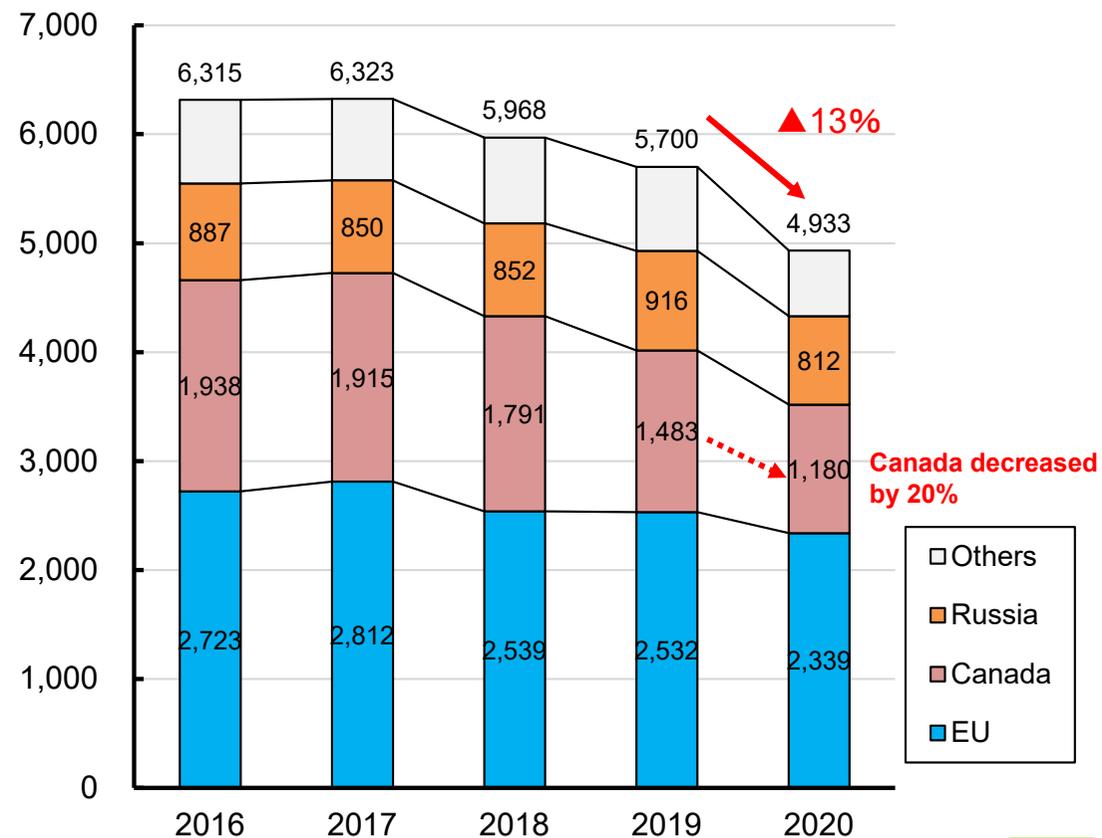
Source: Ministry of Finance "Trade Statistics"

Volume of Log Imports

(2) Lumber

- The volume of Japan's lumber imports declined to 4.93 million m³ in 2020, a 13% drop from the previous year.
- EU (share: 47%) declined by 8% to 2.34 million m³. Labor strike in Finland delayed supply in the first QT. After the economic resumption, EU's wood demand recovered with the robust construction market and increasing demand in DIY. Exports to the US also increased.
- Canada (share 24%) declined by 20% to 1.18 million m³, due to the demand increase and price surge in North America. Housing starts of 2x4 construction in Japan shrank by 15% from the previous year, a larger drop than total housing starts of 10%.
- Russia (share: 16%) declined by 11% to 812 thousand m³.

(thousand m³)



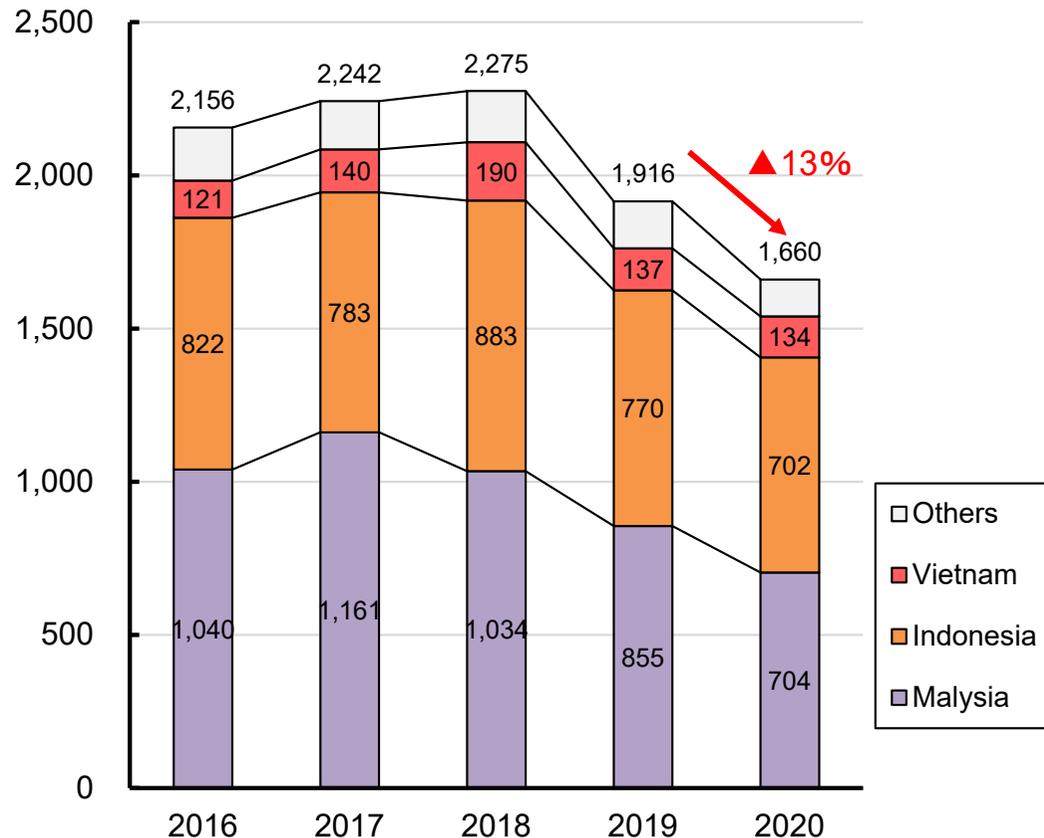
Source: Ministry of Finance "Trade Statistics"

Volume of Lumber Imports

(3) Plywood

- The volume of Japan's plywood imports declined to 1.66 million m³, a 13% drop from the previous year.
- Malaysia (share: 42%) decreased by 18% to 704 thousand m³. Production was hampered by labor shortage caused by the entry restriction on labor force from Indonesia, supply shortage of logs by bad weather, as well as higher transportation costs caused by containers shortage.
- Indonesia (share 42%) decreased by 9% to 702 thousand m³, for the same reasons as Malaysia.
- Viet Nam (share: 8%) declined by 2% to 134 thousand m³.

(thousand m³)



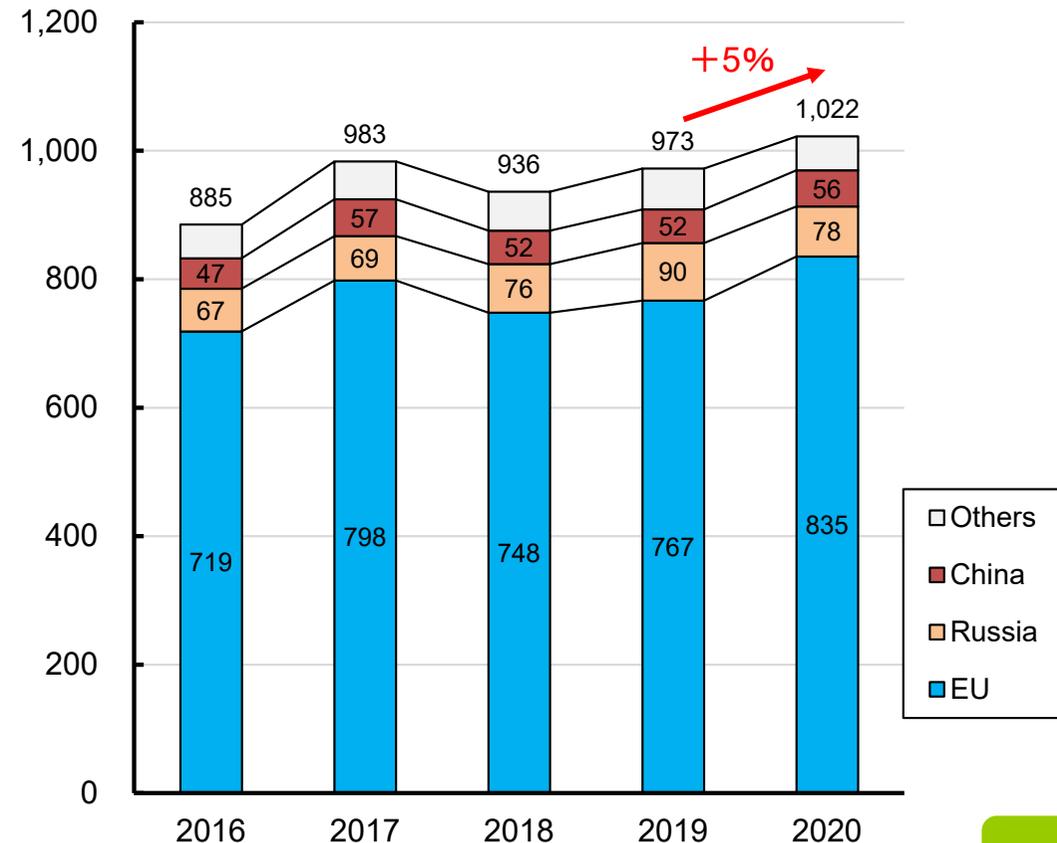
Source: Ministry of Finance "Trade Statistics"

Volume of Plywood Imports

(4) Laminated Lumber

- The volume of Japan's laminated lumber imports increased to 1.02 million m³ (including 910 thousand m³ of structural LL), a 5% rise from the previous year, despite COVID-19 pandemic.
- Imports increased until summer, to avoid the possible congestion by the 2020 Tokyo Olympic and Paralympic Games, but began to decline from the fourth QT with the recovery of western markets.
- EU (share: 82%) increased by 9% to 835 thousand m³. EU's structural LL substituted US Douglas-fir lumber for beams of Japan's wooden housings.
- Among EU member countries, Finland increase by 12%, Romania by 17%, while Austria declined by 1%.
- Russia (share: 8%) declined by 13% to 78 thousand m³, while China (share: 8%) increased by 7% to 56 thousand m³.

(thousand m³)

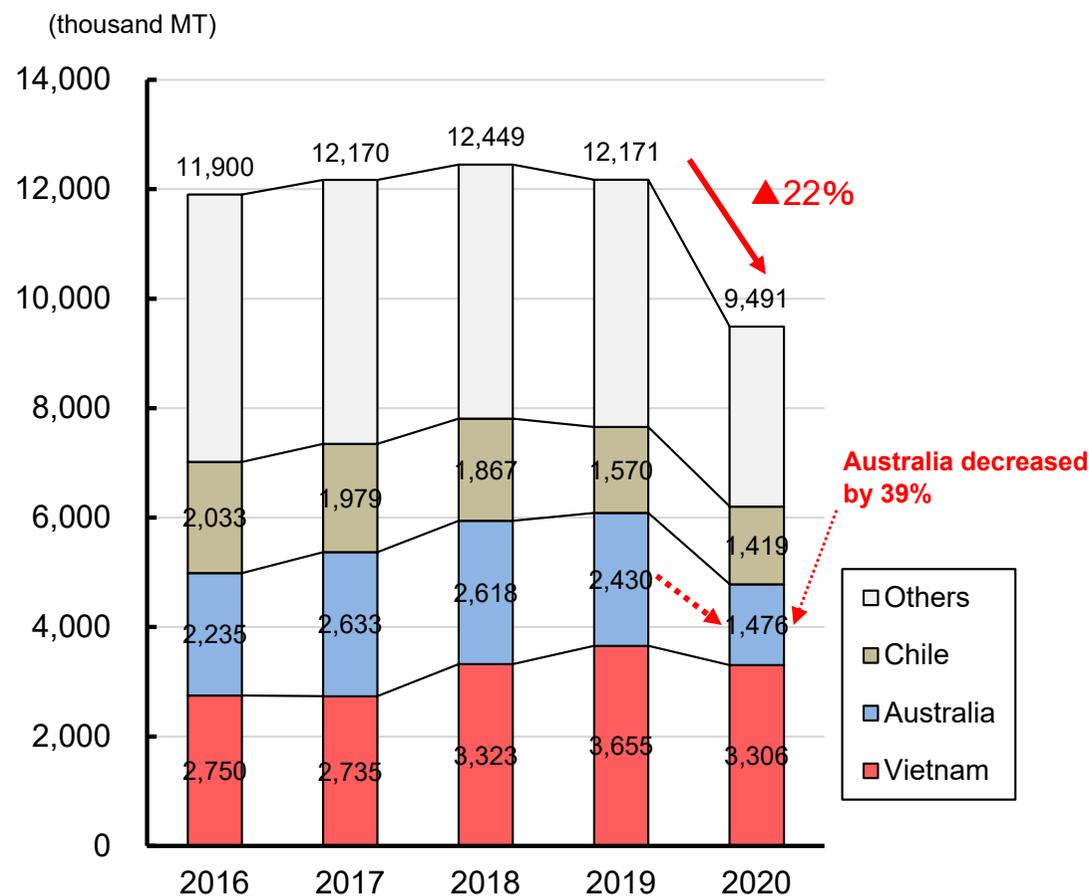


Source: Ministry of Finance "Trade Statistics"

Volume of Laminated Lumber Imports

(5) Wood Chip

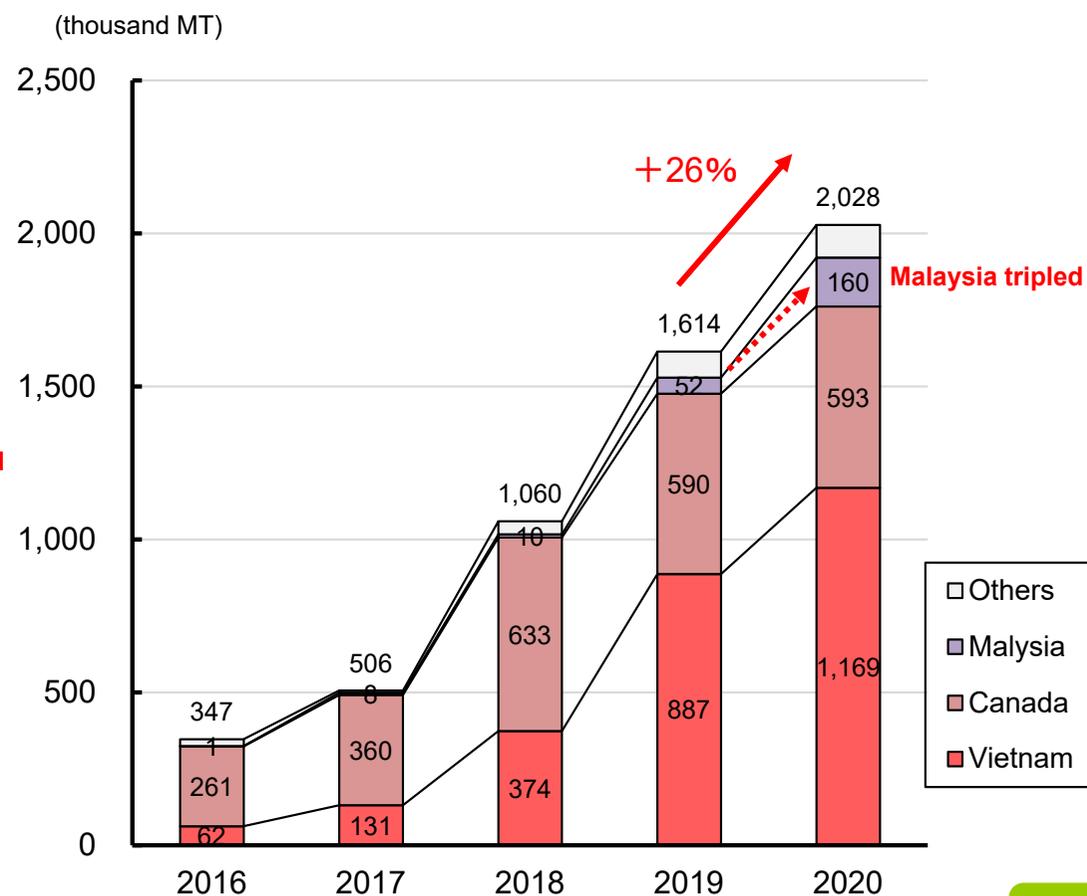
- The volume of Japan's wood chip imports decreased to 9.49 million tons, a 22% drop from the previous year.
- During the COVID-19 pandemic, demand for paper and paper products declined through the shift of documents from paper to on-line. The domestic output of paper and paperboard decreased by 10% in 2020 from the previous year.
- Viet Nam (share: 35%) declined by 10% to 3.31 million tons.
- Australia (share: 16%) declined by 39%, and Chile (share: 15%) by 10%. Lower-priced Vietnamese chips substituted Australian products.



Volume of Wood Chip Imports

(6) Wood Pellet

- The volume of Japan's wood pellet imports increased to 2.03 million tons, a 26% rise from the previous year.
- Viet Nam (share: 58%) increased by 32% to 1.17 million tons, due to the increase in the supply of certified products for mixed use with coal fuel in thermal power plants in Japan.
- Canada (share: 29%) increased by 1%, and Malaysia by 206%. Malaysia is striving to expand wood pellet supply to Asian countries



Volume of Wood Pellet Imports