

Japan's Wood Imports in 2021

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Wood Products Trade Office
Forestry Agency, JAPAN

1. Global Wood Demand/Supply in 2021

- In 2021, housing starts in the US remained high as in last year. Increased wood demand led to soaring lumber prices.
- COVID-19 pandemic caused the global congestion of containers at ports in the US and China, which led to significant increase in freight rates.
- Movement restrictions and absenteeism under COVID-19 pandemic have led to a severe labor shortage, resulting in production curtailment and shipment delays.

【US lumber prices】

- Housing starts in the US began to increase in May 2020 as a result of “work from home” trend and low mortgage rates. The number of actual housing starts in 2021 was 1.595 million units, the highest level since 2006.
- In May 2021, US lumber price soared to reach \$1,514/mbf. Following the plunge thereafter, the price began to rise again, reaching \$985 in December 2021.

【Soaring freight rates】

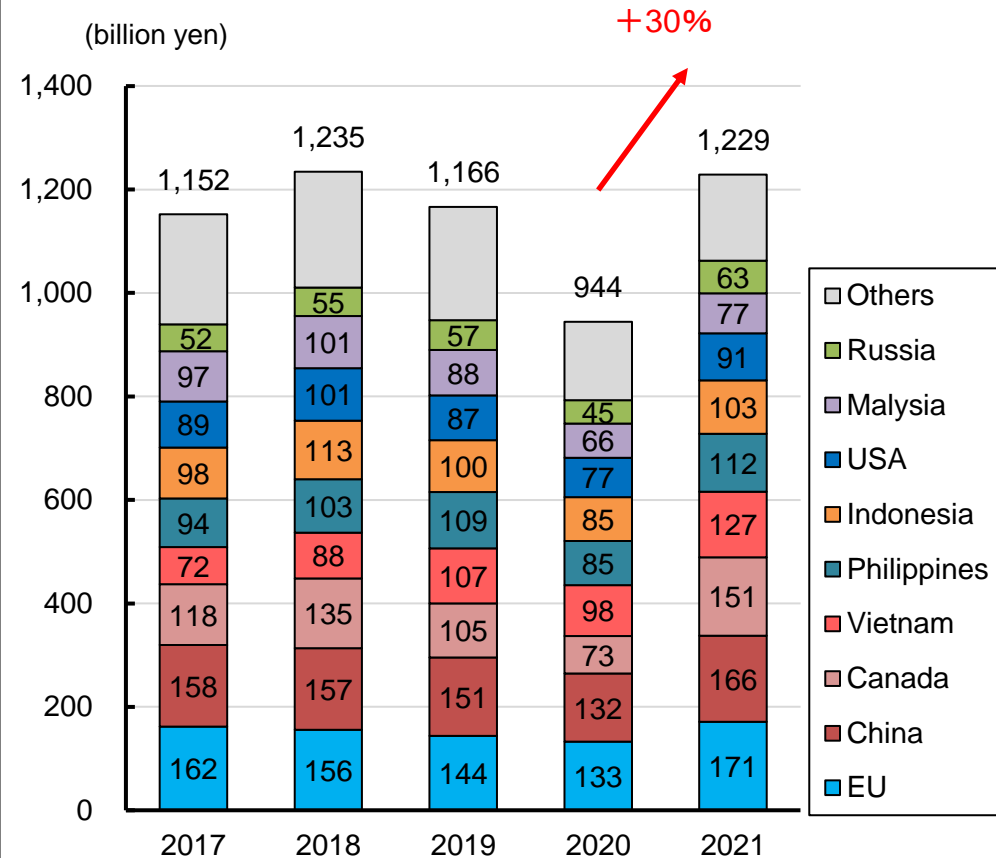
- Since the end of 2020, many maritime containers have congested at North American ports due to the abrupt increase in US imports and limited port capacity. In Autumn 2021, the number of containers transported from China to the US has suddenly increased, resulting in a global shortage of containers. In China, the labor shortage at port facilities became critical due to the spread of COVID-19.
- Global container shortage drove up the freight rates. In December 2021, The freight rates from the US to Japan rose by 50% to \$2,750, and the rates from Europe to Japan by 90% to \$4,290.

【Regional trend】

- **North America:** In Canada, many forest fires broke out in the summer of 2021, causing substantial decline in logging activities. In November, British Columbia suffered from historically heavy rains, which damaged major transportation routes.
- **EU:** Robust construction market and DIY demands kept EU domestic wood demands high. Exports to the US increased to meet enhanced wood demands there. Log supply in EU was sufficient with the salvage logging of nematode-damaged trees.
- **SE Asia:** In Malaysia and Indonesia, plywood production was limited due to the shortage of labor and log supply, as well as movement restrictions under COVID-19.
- **China:** lumber imports from North America and Europe declined due to the strong wood demand in the US. The volume of log imports increased by 6%, with 26% from New Zealand and 15% from Germany.

2. Value of Wood Imports

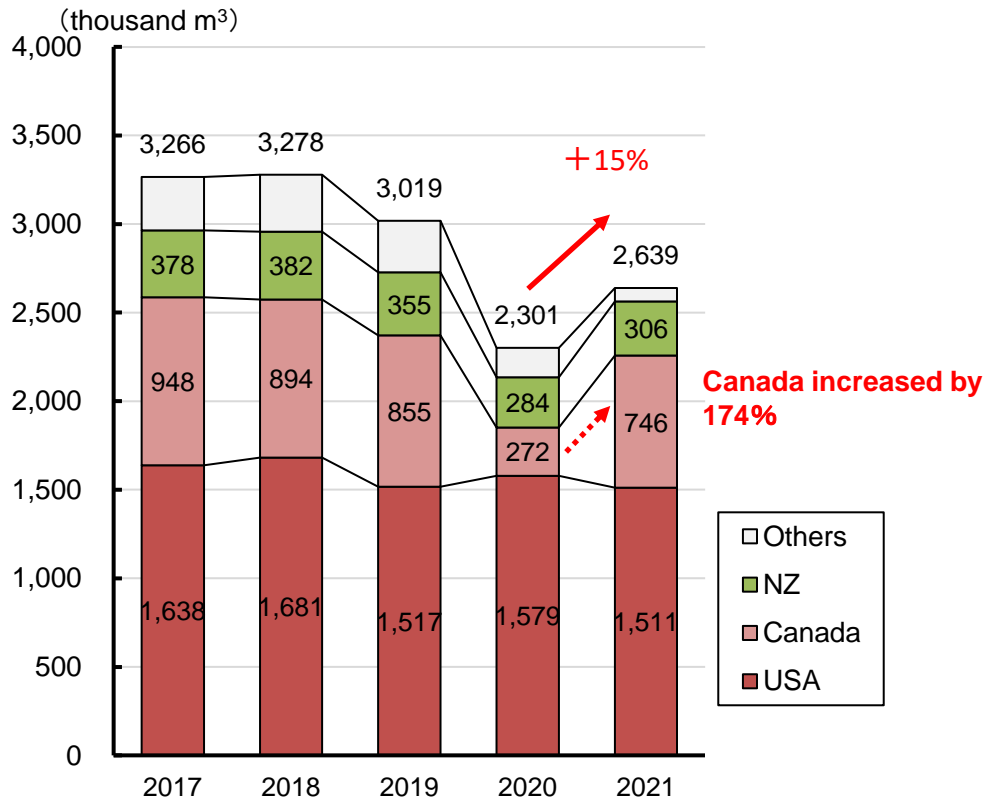
- The value of wood imports (HS44) in 2021 was 123 billion yen, a 30% rise from the previous year. The value increased from the previous year for the first time since 2018.
- EU continues to be the top supplier for Japan by value since 2020.
- Most countries showed significant increases in wood imports by value due to the global wood price surge: EU increased by 29%, China by 26%, Canada by 109%, Vietnam by 20%, Philippines by 22%, and Indonesia by 22%.



Japan's wood import value

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

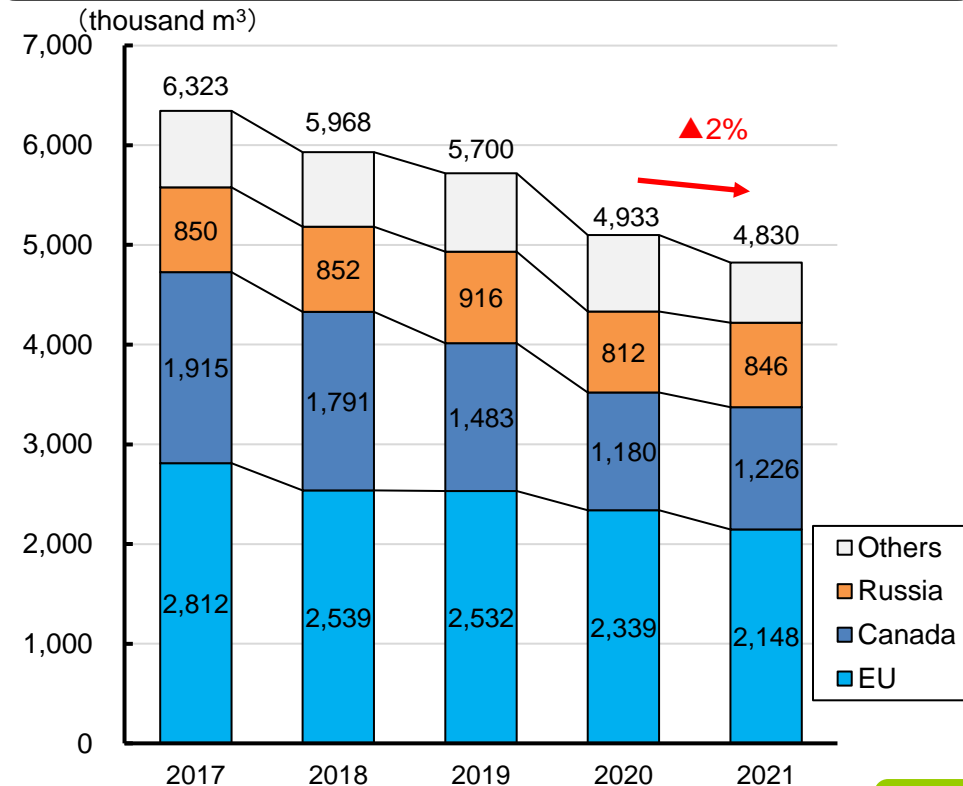
- The volume of Japan's log imports in 2021 was 2.64 million m³, a 15% rise from the previous year.
- The US (share: 69%) declined by 4% to 1.51 million m³. A major log exporter in the US withdrew from export sales to Japan.
- Canada (share: 28%) increased by 174% to 746 thousand m³. Canada's largest log exporting company resumed logging in June 2020, after the suspension of logging during November 2019 to June 2020.
- NZ (share: 12%) also increased by 8% to 306 thousand m³. The volume recovered after a significant decline in the previous year, but continues to decline in the long term. Imports from NZ have showed some delay due to the "lockdown" in the country.



Volume of Log Imports

(2) Lumber

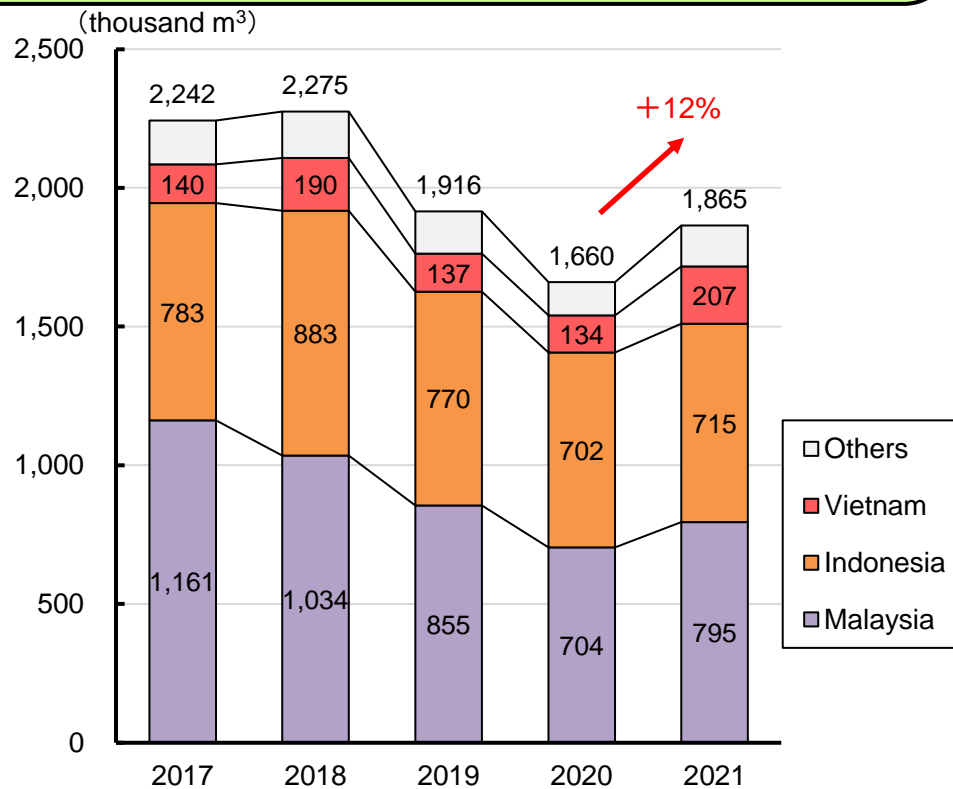
- The volume of Japan's lumber imports in 2021 was 4.83 million m³, a 2% drop from the previous year.
- EU (share: 44%) declined by 8% to 2.15 million m³, due to the delay of maritime transport and rising lumber prices. EU exported large volume of lumber to the US, where wood demand was very high. Container shortage has led to an increase in intra-EU sales through land transportation.
- Canada (share 25%) increased by 4% to 1.23 million m³. Canadian lumber made up for the decline in US lumber imports to some extent. In 2021, Japanese 2x4 housing starts increased by 3.2% from the previous year. The price of Canadian lumber has sharply risen due to the higher prices in North America.
- Russia (share: 10%) increased by 4% to 846 million m³.



Volume of Laminated Lumber Imports

(3) Plywood

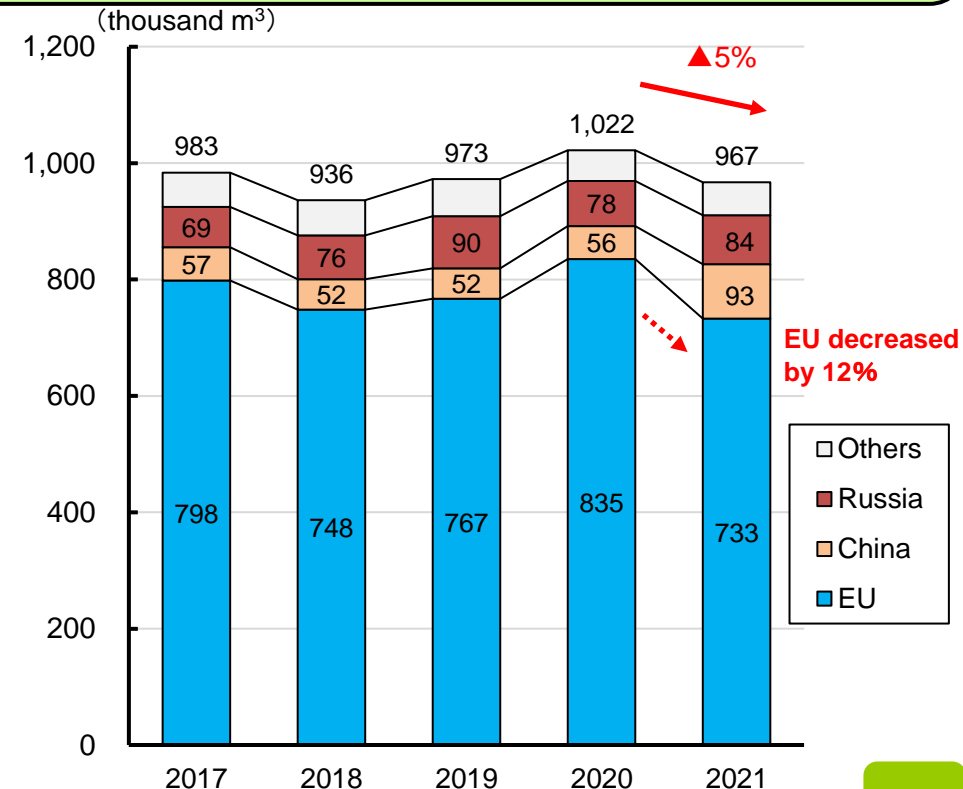
- The volume of Japan's plywood imports in 2021 was 1.87 million m³, a 12% rise from the previous year. The volume has been decreasing since 2019 with higher prices, but the trend reversed in 2021 due to the shortage of domestic inventories.
- Malaysia (share: 42%) increased by 13% to 795 thousand m³ due to the shortage of domestic inventories. However, supply was limited by labor shortages and soaring freight rates.
- Indonesia (share: 38%) increased by 2% to 715 thousand m³, similarly as Malaysia. In late 2021, Indonesia changed export destination from the US to Japan to avoid port congestions in the US, resulting in increase of Japan's imports.
- Vietnam (share: 11%) increased by 54% to 207 thousand m³. The volume has been increasing, substituting Malaysia and Indonesia.



Volume of Plywood Imports

(4) Laminated Lumber

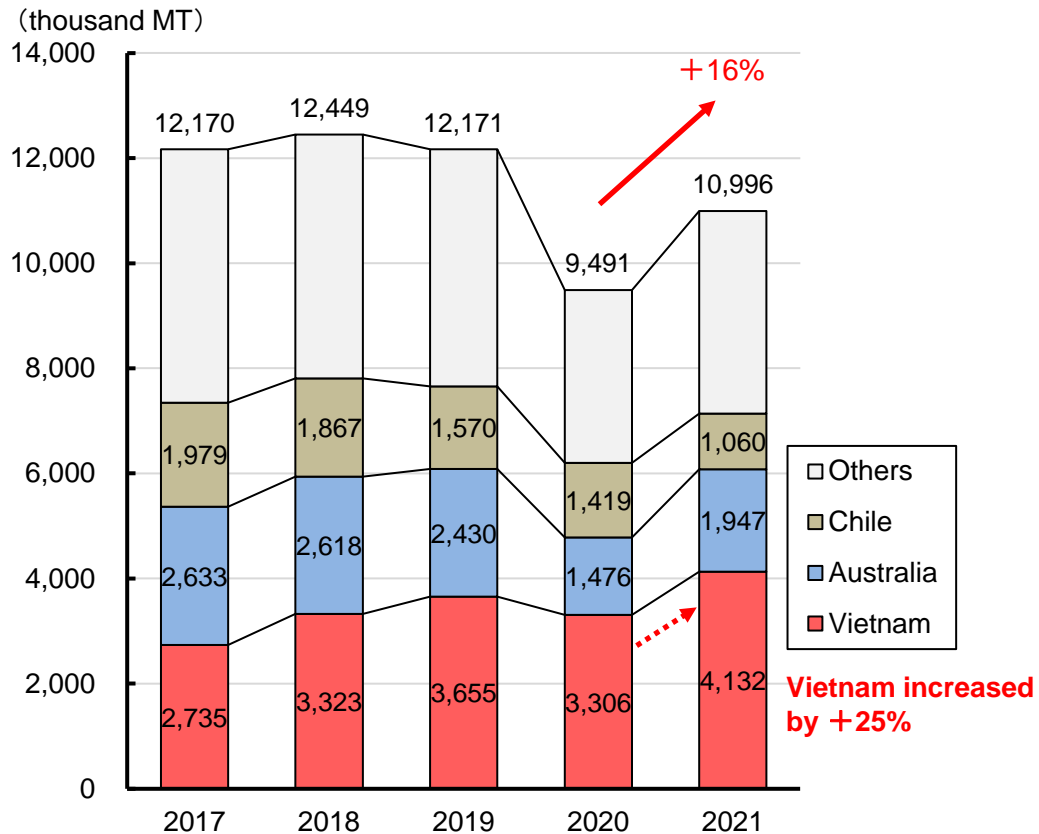
- The volume of Japan's laminated lumber imports in 2021 was 967 thousand m³ (including 832 thousand m³ of structural LL), a 5% drop from the previous year.
- EU (share: 76%) decreased by 12% to 733 thousand m³ due to the higher wood demand in the US and Europe, as well as rising wood prices and delay in maritime transport.
- Among EU countries, Finland decreased by 6%, Romania by 26%, and Austria by 5%.
- Russia (share: 9%) increased by 8% to 84 thousand m³. China (share: 10%) also increased by 65% to 93 thousand m³.



Volume of Laminated Lumber Imports

(5) Wood Chip

- The volume of Japan's wood chip imports in 2021 was 110 million tons, a 16% rise from the previous year.
- In 2021, COVID-19 pandemic decreased paper demand. But, in 2021, the spread of online shopping increased demand for packaging paper. The shipment in domestic paper and cardboard rose by 2.4% from the previous year.
- Vietnam (share: 38%) increased by 25% to 4.13 million tons. Vietnam's lower prices led to a higher market share.
- Australia (share: 18%) increased by 32% to meet higher domestic paper demands, while Chile (share: 10%) declined by 25%.

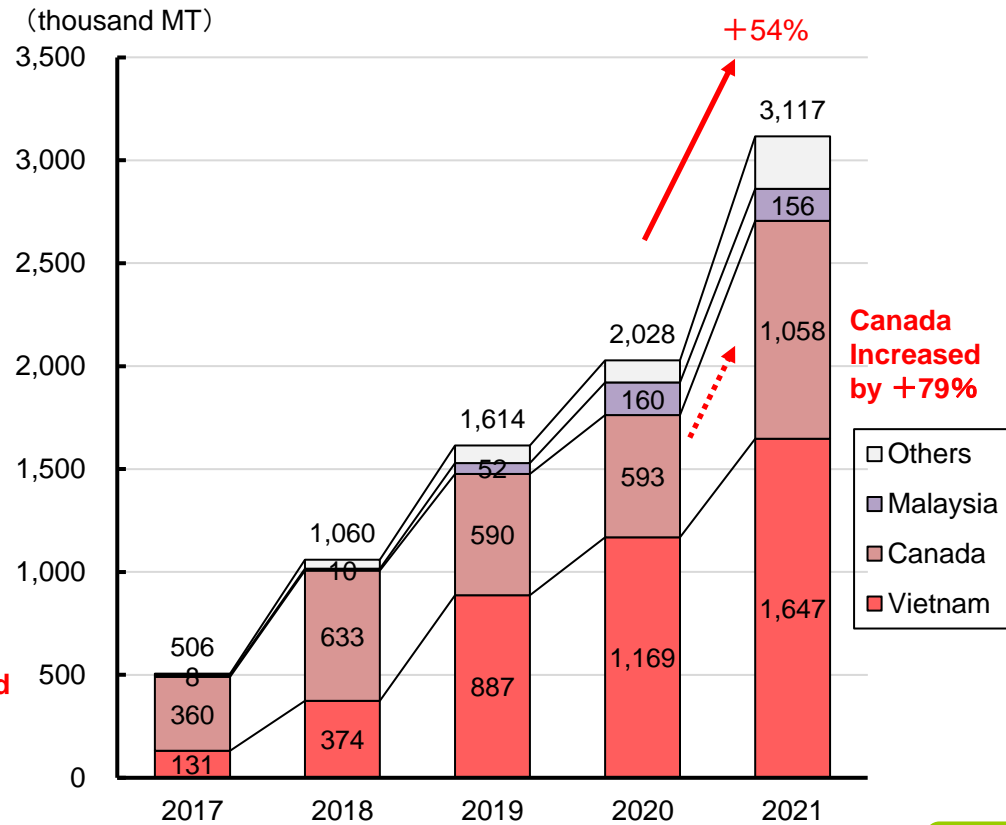


Source: Ministry of Finance "Trade Statistics"

Volume of Wood Chip Imports

(6) Wood Pellet

- The volume of Japan's wood pellet imports in 2021 was 3.12 million ton, a 54% rise from the previous year.
- Vietnam (share: 53%) increased by 41% to 1.65 million tons, Vietnam can supply forest certified wood pellets required for co-combustion use in thermal power plants in Japan.
- Canada (share: 34%) increased by 79% with higher operation rates in pellet plants.
- Malaysia (share: 5%) declined by 3%.



Source: Ministry of Finance "Trade Statistics"

Volume of Wood Pellet Imports