

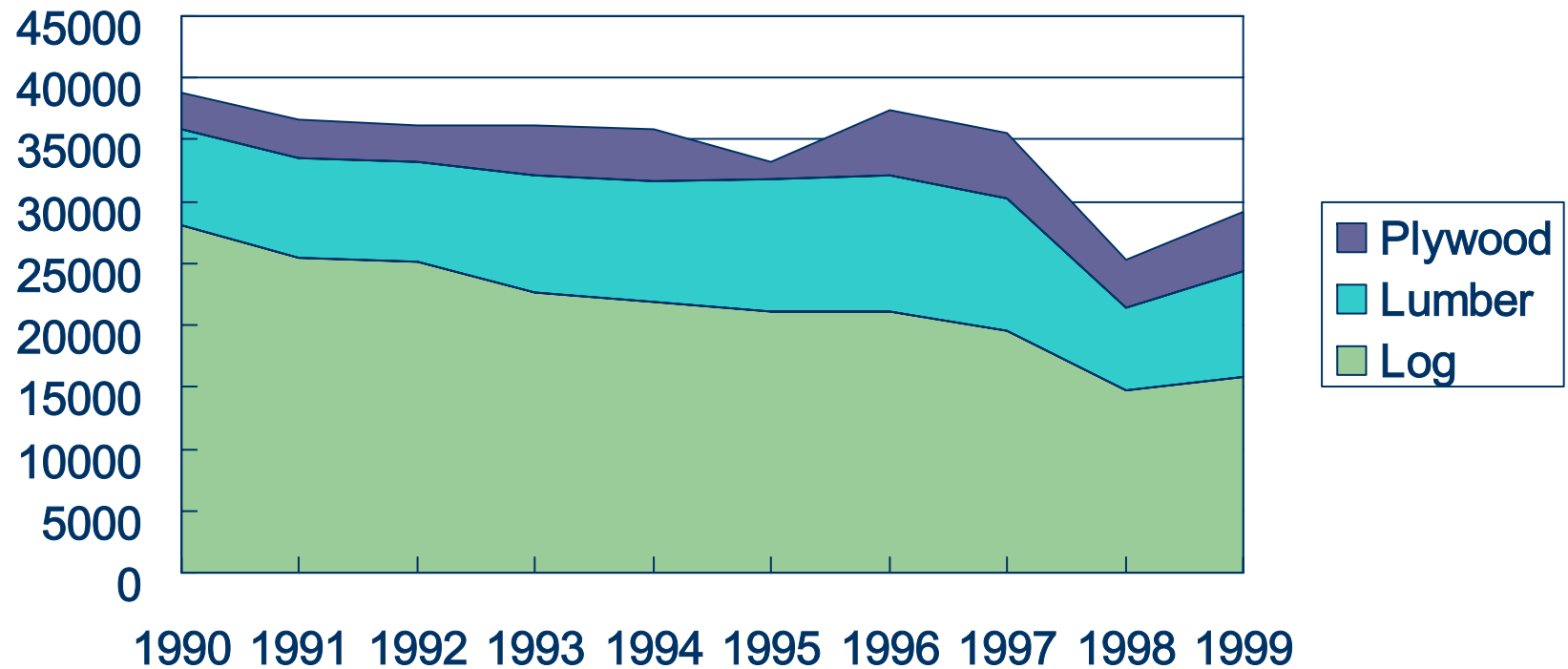
# **The Future of Japanese Market for Russian Sustainable Forest Products**

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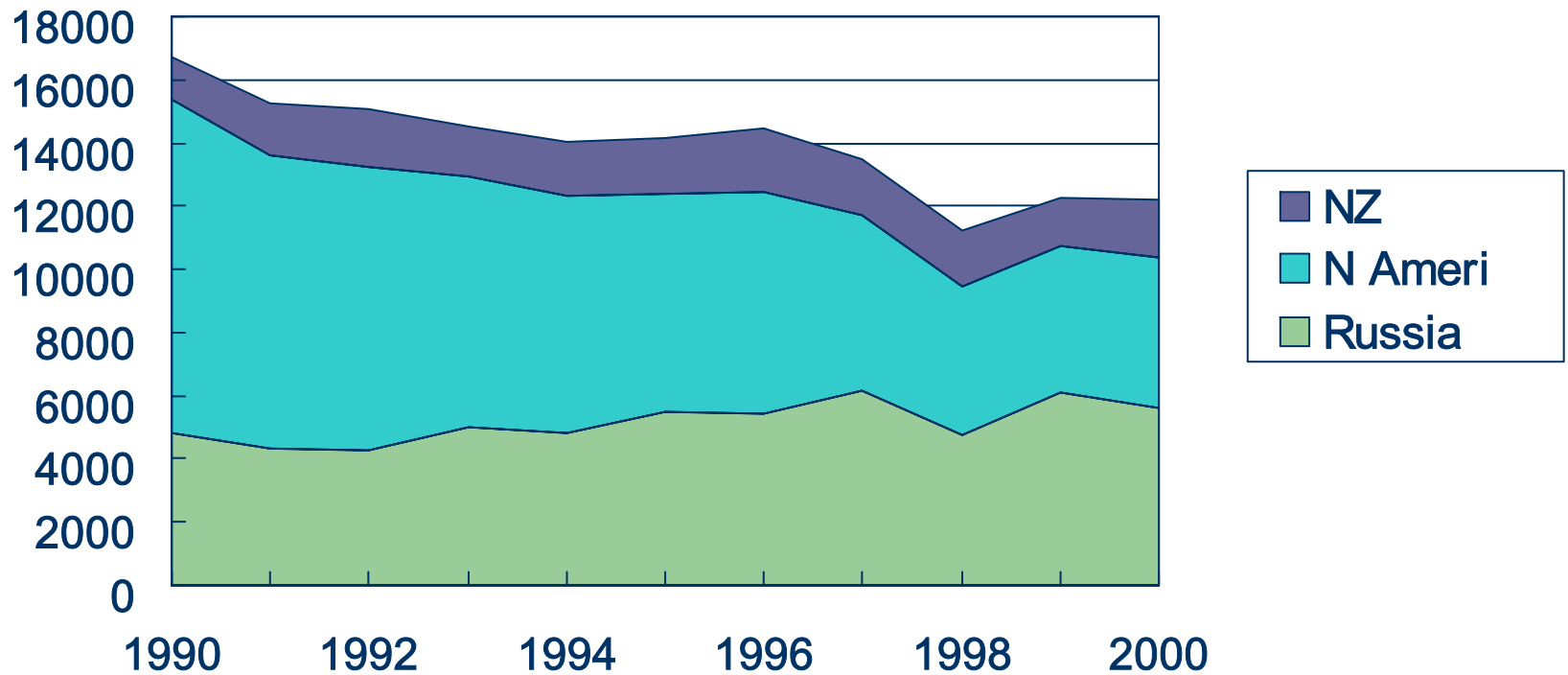
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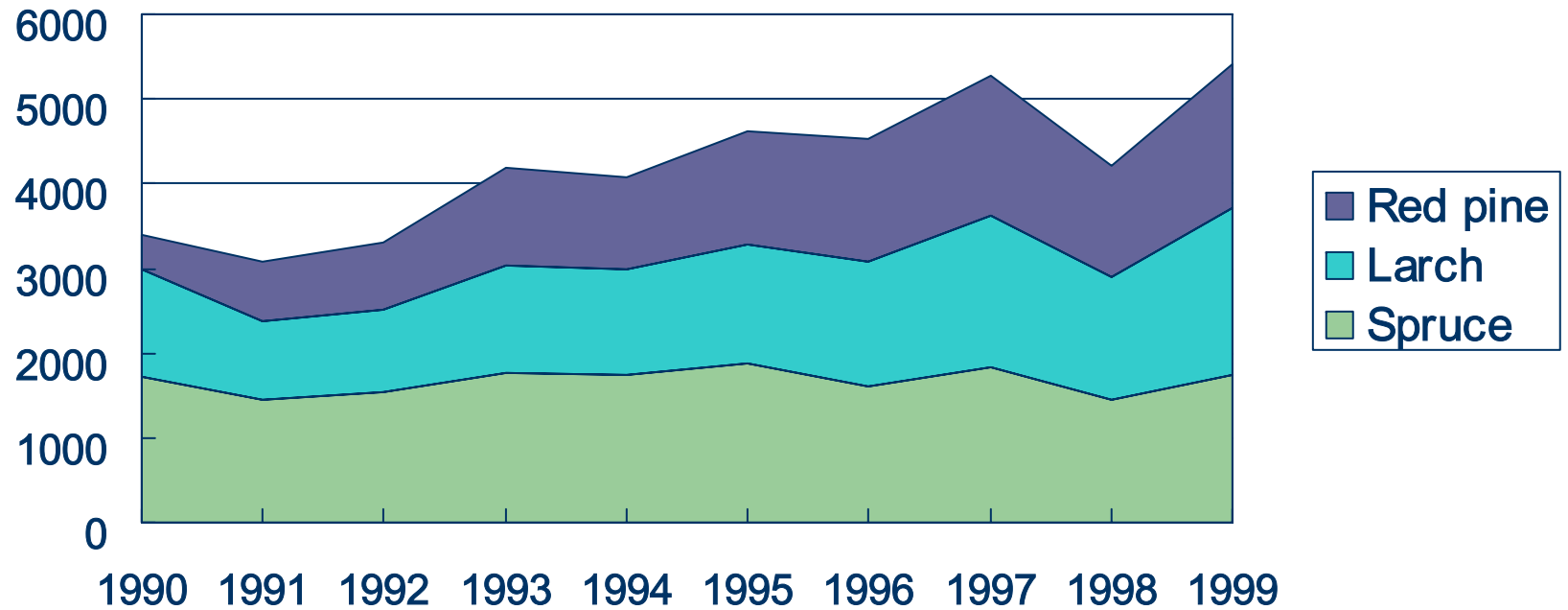
# Timber Import by type of products



# Log Imports by origin



# Trend of import of Russian logs by species



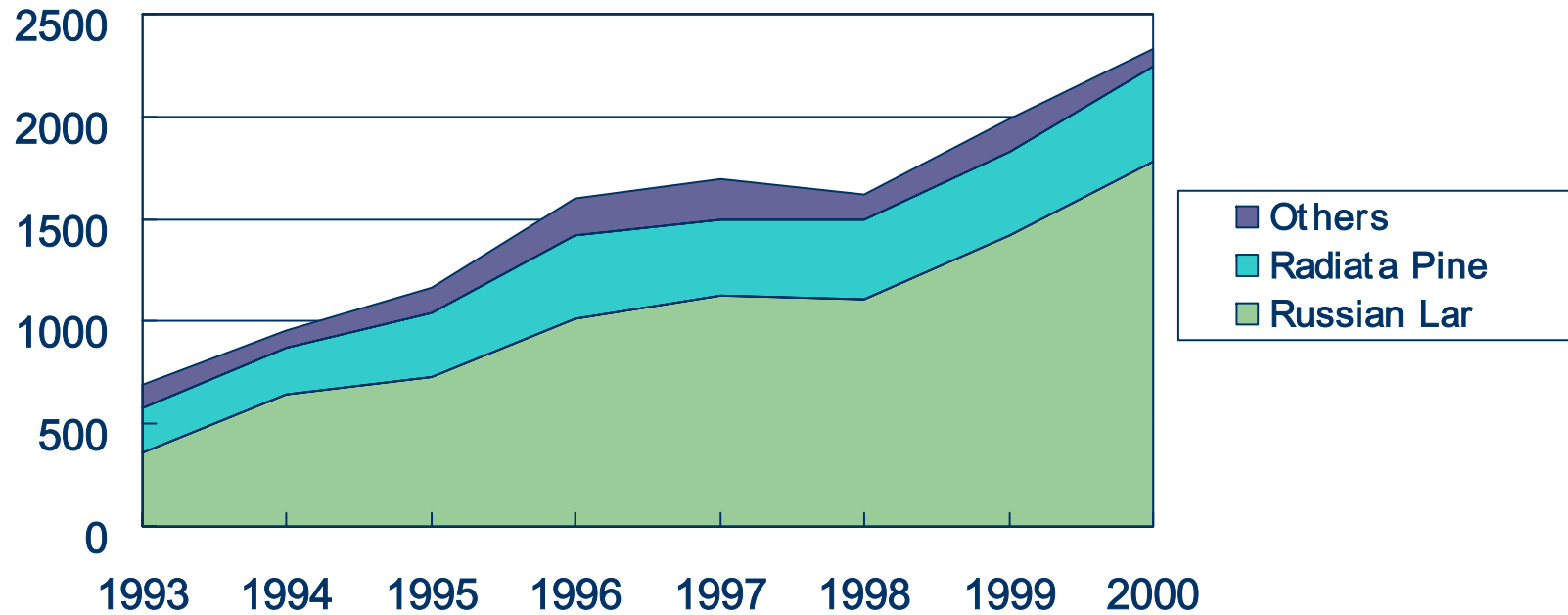
Russian timber are mainly imported as logs

# Russian Wood in Japanese Market

## <Lumber>

- Red Pine are preferred in the market
  - Mainly used as rafter
- Market for Spruce are shrinking
  - Need development of new market
- Competitor: North American and Scandinavian timber
- Downward rigidity of Russian timber price made Japanese Sawmill in difficult situation

# Consumption of Softwood logs by Japanese Plywood Industry



Tropical hardwood → Softwood

# Russian Wood in Japanese Market

## <Plywood>

- Most of larch logs are processed to plywood
- Softwood plywood is mainly used for housing construction
- Competitor : NZ Radiata Pine
  - ○ plantation forest
  - △ quality

# “Green market” of Japan is in initial stage

- Development of “Green Market” is still at an early stage
- Certification is not well known
- “Price with premium” could not be expected
- Who is the wood “consumer” in Japan?
  - DIY is not popular



## But “Green market” is developing

- More than 4000 companies got ISO 14001
  - Trying to use environmentally friendly products
  - 50% of these companies reduced use of tropical wood
- “Green Purchasing Law” was enacted in 2001.  
“Green Purchasing Network” was established
- Japanese consumers has become interested in environmentally friendly products

# Forest Certification in Japan

- Only 1 group, 1 individual FSC certification, 13 COC (ISO 14001 1 company)
- But, increasing number of forest owners / organizations considering to get certification
- WWF Japan, some local governments, forest owners association etc are taking supporting measures

# Competitors of Russia

## - Certification status

- **Scandinavian countries** – most of timber are produced from certified forest
- **USA** – Sustainable Forest Initiative 29.5 million hectare, American Tree Farm System 112 million hectare
- **NZ** is also eager to get certification

# “Illegal Logging” should be addressed

- Criticism from NGOs
- Conclusions of the G8 Foreign Ministers' Meeting “combating illegal logging”
- Japanese government considering to take some measures
- One of the concerned country is Russia

## Conclusion (1)

- Could Japanese sawmills using Russian logs survive?
- Japanese “Green market” for forest products is small, but developing
- Illegal logging problem should be addressed first

## Conclusion (2)

- Competitors prepare for certification
  - without price with premium
- Chinese market hold the key
- Which is Green?  
Domestic or imported timber?