The Future of Japanese Market for Russian Sustainable Forest Products

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Timber Import by type of products

- Plywood
- Lumber
- Log
Log Imports by origin

- NZ
- N Ameri
- Russia
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
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
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?