

Press Release – For Immediate Release

Wood chip import prices to Japan reached record highs in the 4Q/08, reports the Wood Resource Quarterly

Wood fiber consumption by the Japanese pulp industry reached a record high in 2008. Over 72 percent of the consumed wood chips were imported, most from hardwood plantations in the Southern Hemisphere. The costs of imported wood chips have increased substantially the past three years, reaching their highest level in at least 20 years during the 4Q/08 reports the Wood Resource Quarterly.

Seattle, USA. June 2009. The total wood fiber consumption by the pulp sector in Japan has slowly increased over the past 15 years, reaching a record of 19.1 million tons in 2008, of which 13 million tons was hardwood fiber. This can be compared to a total consumption of 18.7 million tons in 2005 and 18.4 million tons in 1993. The pulp industry in Japan has always been very dependent on imported wood chips and the country continues to be the dominant importer of wood chips in the Pacific Rim. Its share accounted for 84 percent of the total chip trade in the region in 2008, with Taiwan, China and South Korea together accounting for the remaining 16 percent.

Last year, over 72 percent of the total wood fibre consumption in Japan was imported, with a majority being hardwood chips. Since 1993, the usage of imported hardwood chips, mainly from plantations in Australia, Vietnam, Chile and South Africa, has gone up about 40 percent. Consumption of softwood fibre has slowly and steadily declined, reaching a record-low of 6.1 million tons in 2008. This is nine percent lower than in 1993 and represents a reduction in the use of wood chips from overseas sources.

Pulpmills in Japan were paying close to all-time-high prices for imported wood chips in the 4Q/08. Softwood chip prices averaged US\$203/odmt in the 1Q/09, up from \$157/odmt two years ago, as reported in the WRQ. Imported hardwood chip prices have also trended upward the past few years and reached a peak of US\$201/odmt in the 3Q/08. The average price in the first quarter this year was down to US\$187/odmt. The lowest-cost chips during 2008 were shipped from Thailand, Malaysia and Vietnam, while Australia, South Africa and Chile were the highest-cost suppliers.

Imports of wood chips to Japan in 2009 will probably be at their lowest levels in at least 20 years, because the pulp industry is expected to reduce production this year. With the reduced demand for wood fiber, it can be anticipated that chip prices, particularly softwood chips, will be lower this year than in the past few years.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks sawlog and pulpwood prices in most regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

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