


Tropical Timber Market Report

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Russia bans export of wood products to Japan

The Russian government announced on March 10 that it stops exporting logs, wood chip and veneer to unfriendly countries for retaliation of the sanctions the Western nations taken for the invasion of Russia to Ukraine.

Log export has been banned already so there is no damage but users of wood chip and veneer will suffer greatly. Particularly veneer is important material to maintain quality of plywood so the Japanese plywood manufacturers need to find substituting sources in a hurry.

Lumber is not included in this measure. For Japan, larch KD veneer from Terneiles, Plastin, Primorski Krai and RFP, Khabarovsk are immediate product. Both exports about 250,000 cbms a year from these two sources. Larch veneer has high strength and it is kiln dried so plywood mills in Japan do not have to dry it, which makes operations efficiently. Since plywood mills struggle to secure enough raw material like domestic cedar logs, stop of Russian veneer supply is really hard blow.

Plywood mills are now looking for substitutions such as eucalyptus, beech, birch, Douglas fir, radiate pine but immediate supply is difficult. Actually target of this measure is European countries, where Russian wood chip is consumed in large volume for fuel and paper manufacturing.

In Europe, wood products supply from Russia, Ukraine and Belarus are significantly important. It is said that lumber export from Russia to the European countries is 5.2 million cbms so once such supply is disrupted export of European wood products for the North America and Japan would drop down and the prices would soar. This could be another wood shock. Plywood supply.

The shipping of domestic plywood has been exceeding production. The volume of imported plywood was over 250,000 cbms for the first time in three years. About 80,000 cbms of plywood were imported from Malaysia, same volume as Indonesia. Volume of over 80,000 cbms continued from Indonesia for straight two months. The volume of imported plywood from Malaysia and Indonesia increased because there was a delay of arrival by a Japanese New Year's holiday.

There was another reason that a busy exporting plywood to North America from Malaysia or Indonesia peaked out and they shipped more for Japan. Shortage of imported South Sea hardwood plywood had



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slightly solved. However, since one of major plywood companies in Malaysia stopped accepting new orders in November, 2021, the imported volume would be low in February 2022.

This situation would continue until March. Some plywood companies in Malaysia and Indonesia are suffering a lack of logs. They have a very few orders which are a half of usual amount of orders. There is not enough supply of softwood plywood in Japan due to a New Year's holiday and a heavy snow covered in North Eastern Japan.

There were not enough domestic logs and larch laminated veneer from Russia. Plywood mills are not able to increase the production despite active orders. On the other hand, the shipping was firm. According to Japan Plywood Manufacturers' Association, a final inventory at the end of January was 77,000 cbms, which was 1,400 cbms less than December, 2021. This is only 0.3 month supply based on shipping volume. Some plywood manufacturers in Japan say that shipping will be more than production in February and March.

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