

"3rd International Trade Seminar: Boosting international  
trade in certified wood products from Indonesia"

January 25, 2016

Surabaya  
(modified)

# Opportunities for Indonesian tropical hardwood products and market developments in Japan

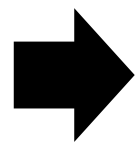
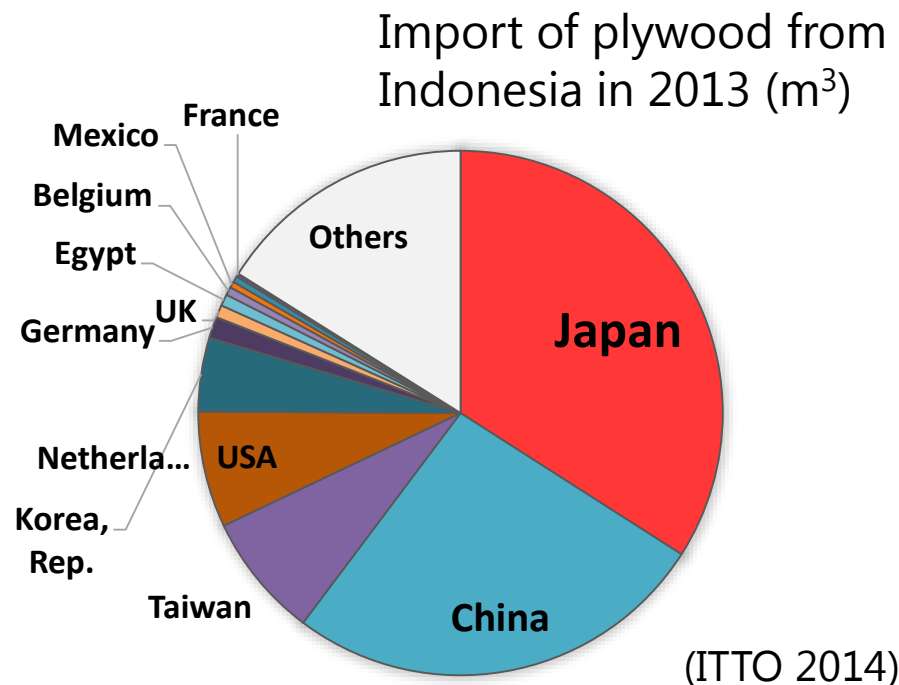
Hikomitsu Samejima  
(Institute for Global Environmental Strategies)



- Plywood is the main wood product from Indonesia
- Japan is still the largest importer

Timber export from Indonesia  
in 2014

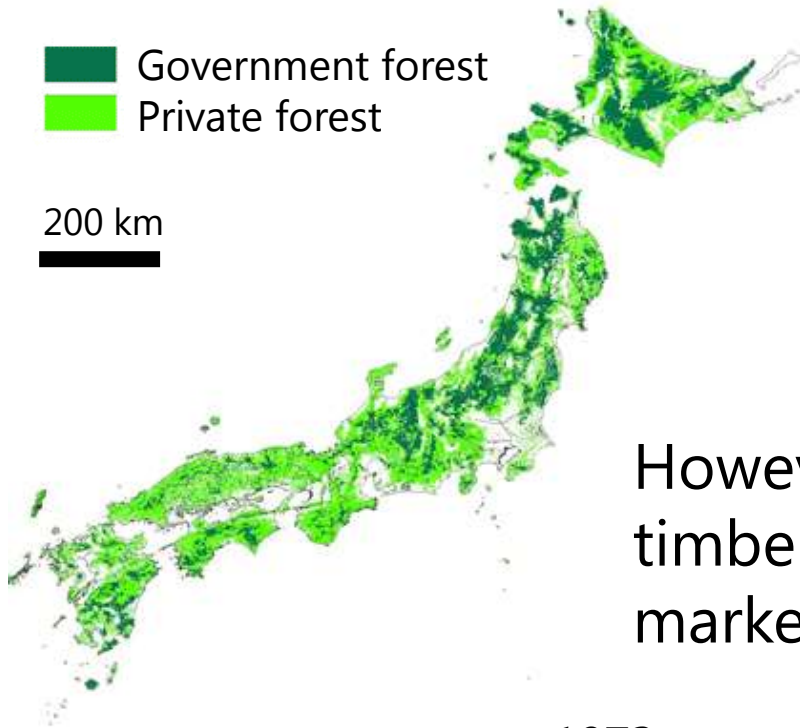
	Value (million USD)
Logs	25
Sawn timber	340
Venner	32
Plywood	2,196
<b>Total</b>	<b>2,593</b>



**Indonesian wood producers & exporters  
need to understand what is happening in  
Japanese market.**

Government forest  
Private forest

200 km



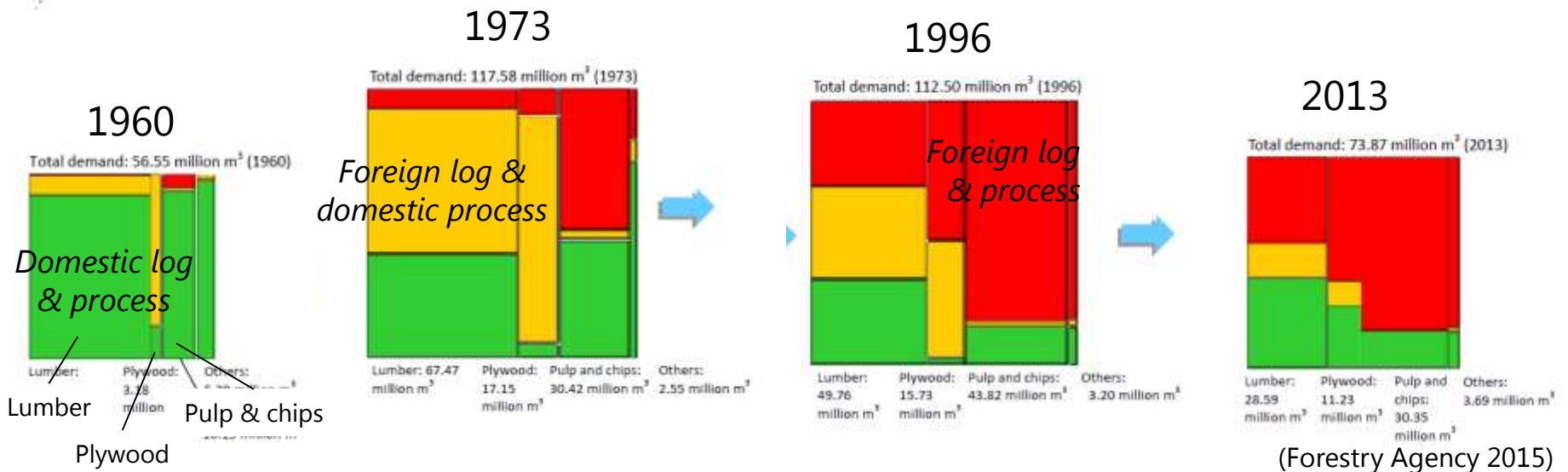
# Forest in Japan: 2.5 million ha

Forest coverage rate: 68% (Indonesia 51%)

Government : Private forests = 3:7

Natural : Planted forests = 5:5

However, the domestic forestry & timber industries have lost the national market by imported log and timbers.

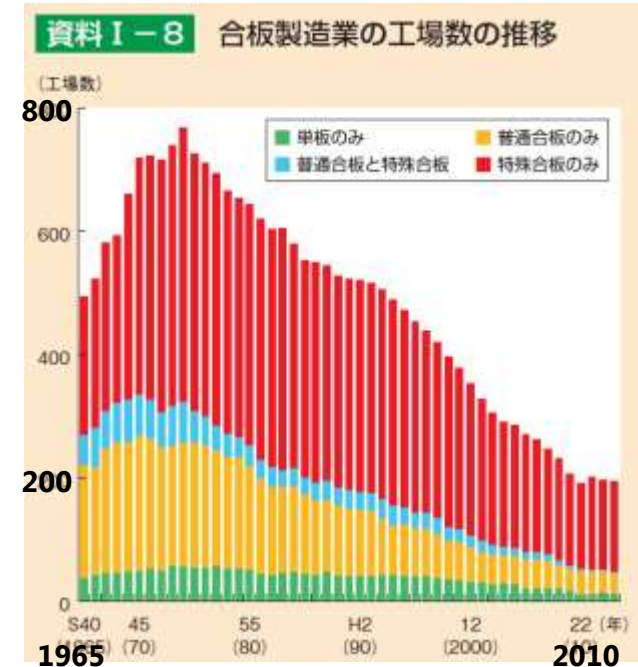


Principle of Japanese government policy is to rebuild the domestic forestry & timber industries, not to support foreign industries.

Price of domestic tree



Number of domestic plywood factories



Number of people working for forestry industries

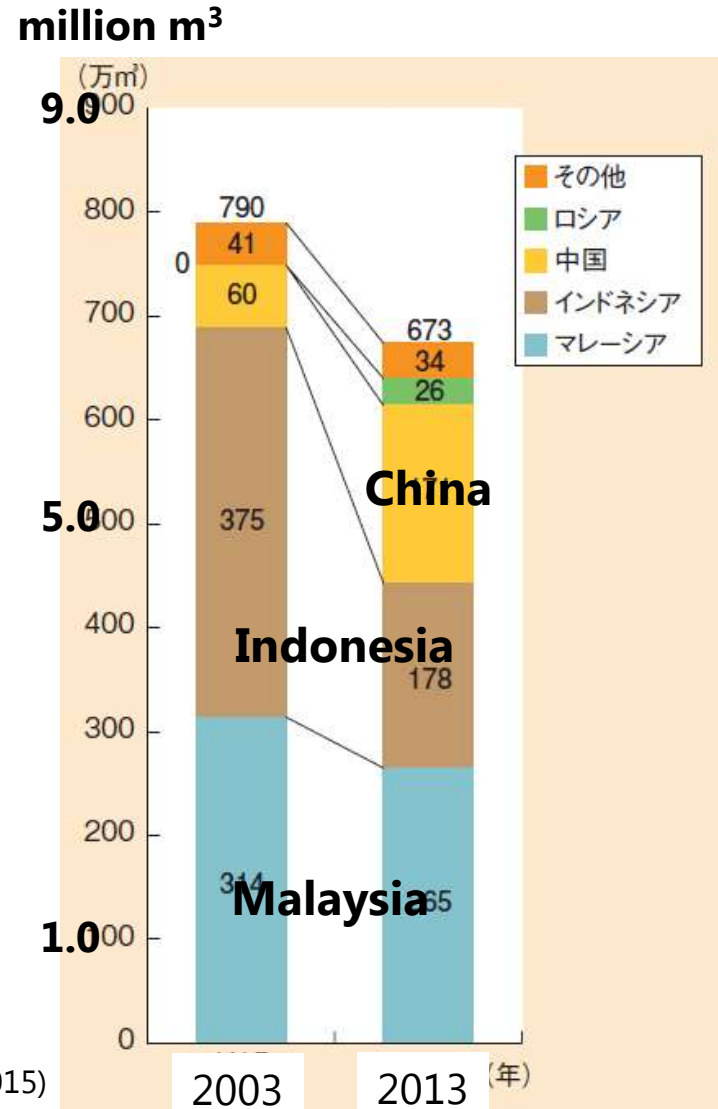
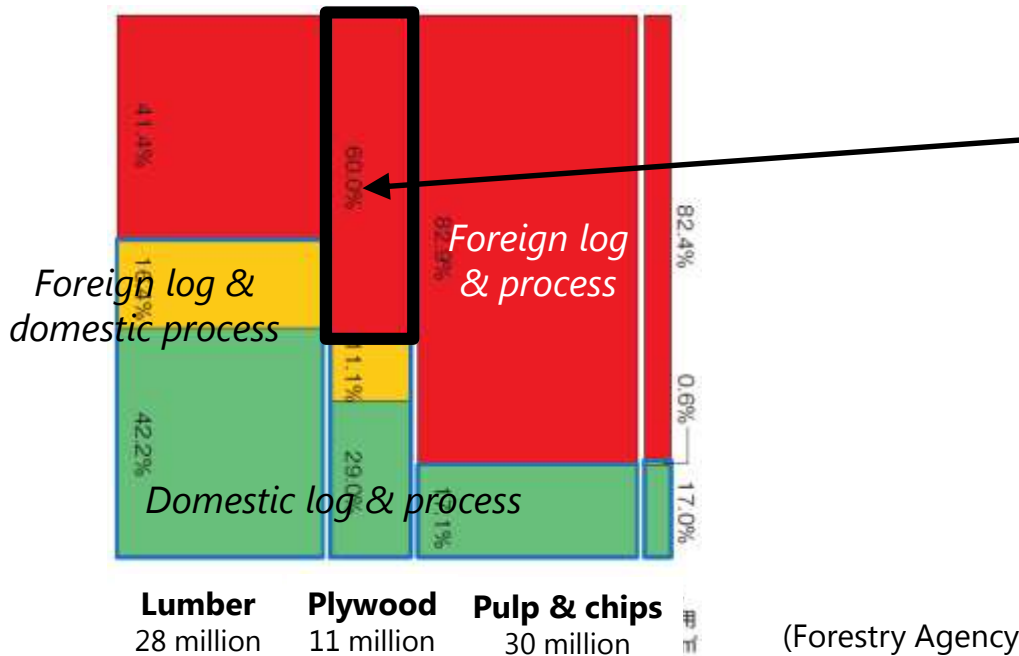


# Competitors with Indonesian plywood to Japanese market

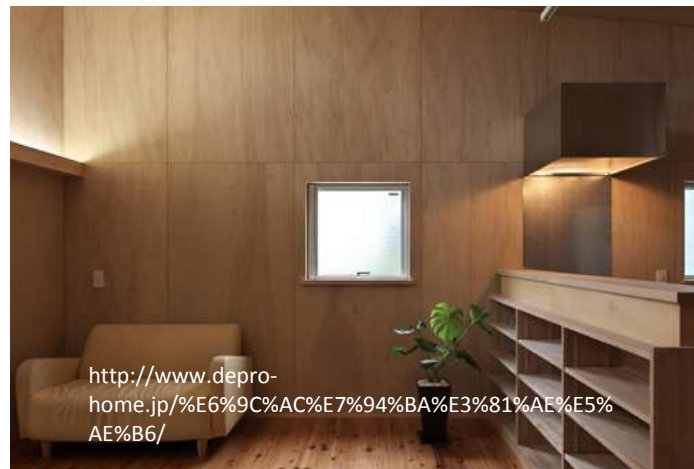
# Competitors of Indonesian plywood in the Japanese market are

- Malaysia (mainly Sarawak)
- Japan's domestic plywood
- China & Vietnam

Total demand in 2013  
74 million m<sup>3</sup>



Tropical plywood from Indonesia and Malaysia is the best material for **concrete forming panel** and **floor base**.



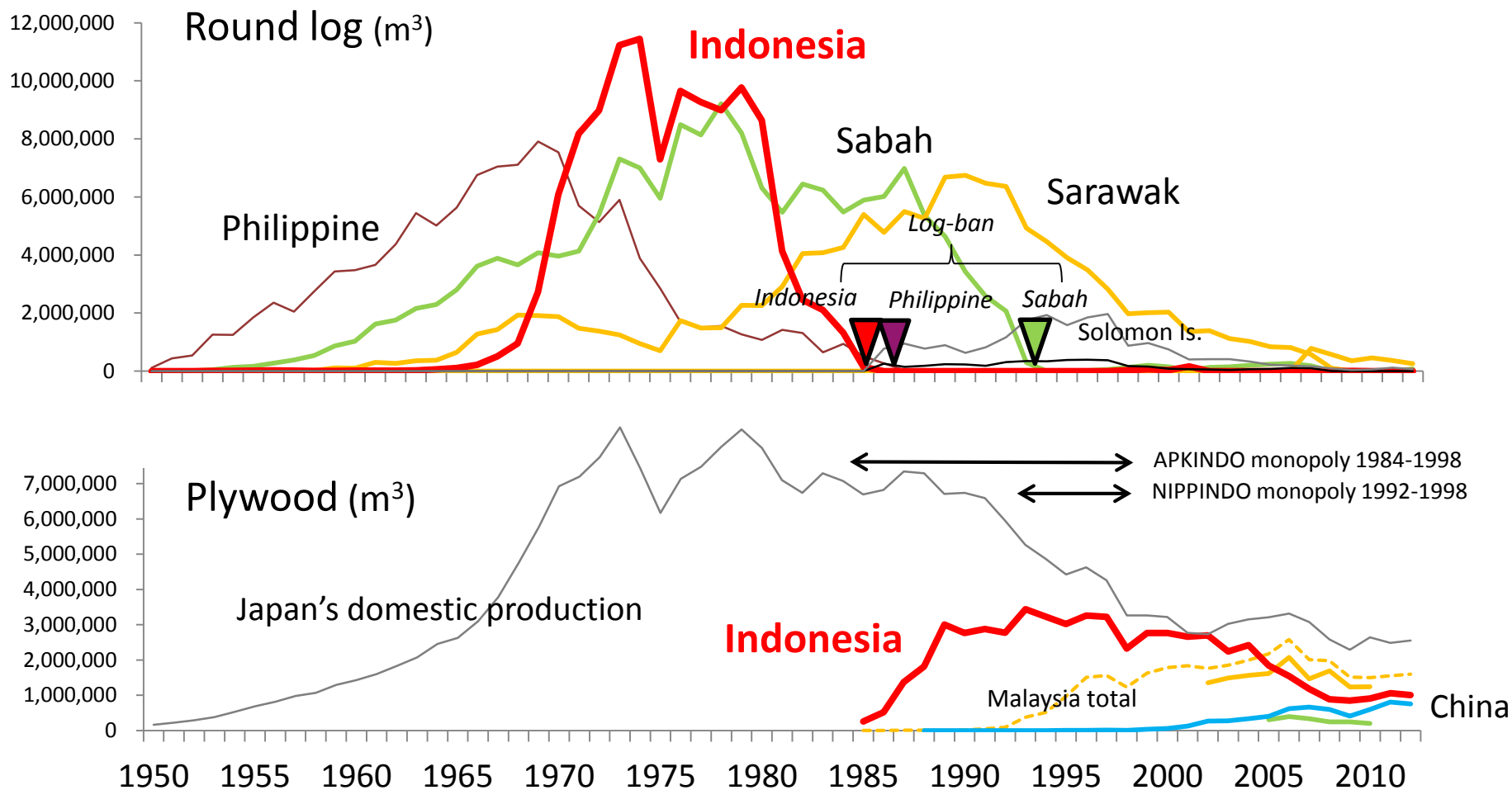
Normal plywood

Floor base

Concrete forming panel

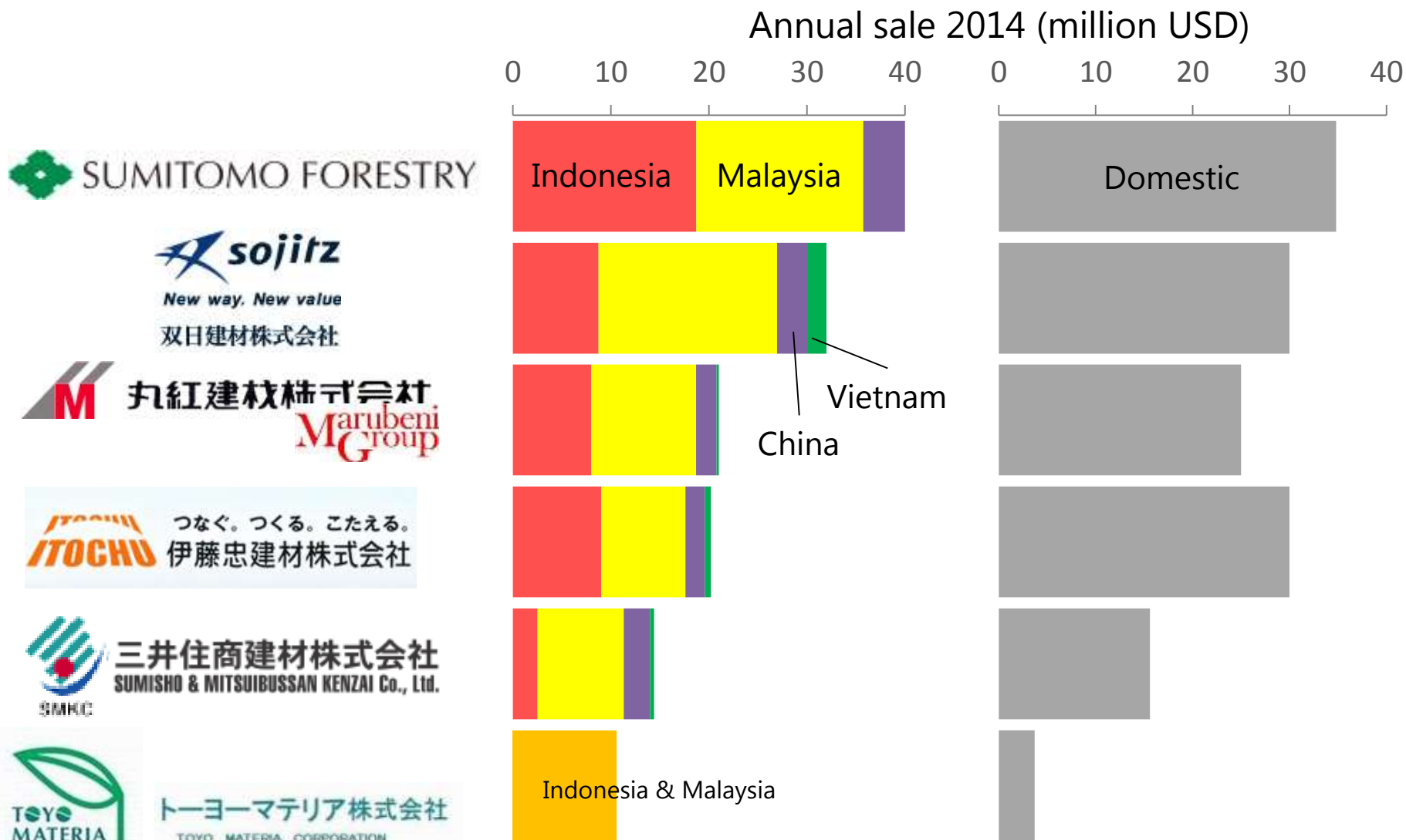


# Historical trend of tropical log & plywood imported to Japanese market





# Six major trading companies of plywood

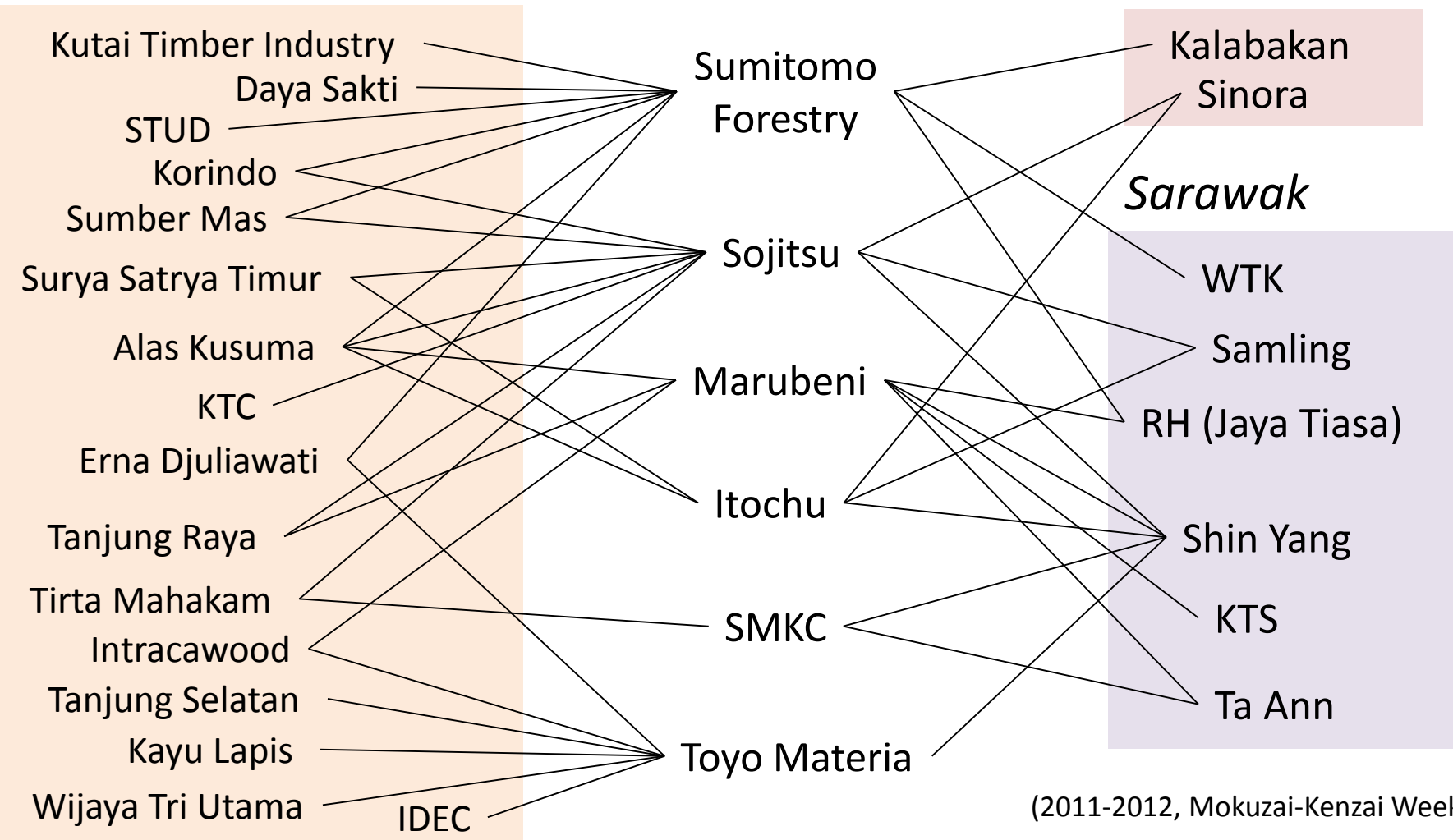


(Estimated from data in Mokuzai-Kenzai Weekly)

Many Indonesian and Malaysian plywood producers export the products to Japan through the six trading companies

*Indonesia*

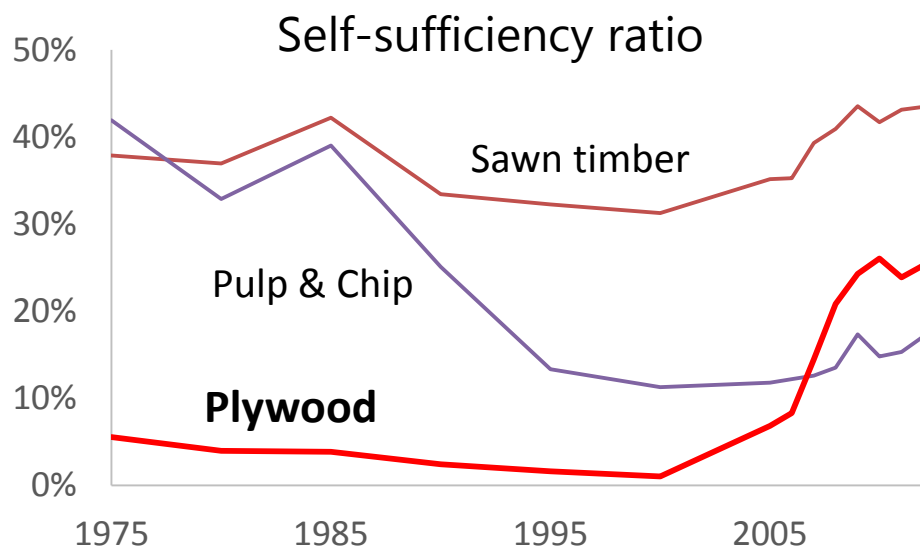
*Sabah*



(2011-2012, Mokusai-Kenzai Weekly)

# Japanese domestic plywood industries: Niche shift & revival

They innovated thick plywood using small domestic softwood and succeeded to promote it as **structure plywood** for housing.



They are trying to move into concrete forming panel and floor base now...

# China and Vietnam: New comers



Poplar (Central China) and Eucalyptus (South China & Vietnam) planted since 1970s'.

Chinese plywood export > import since 2001.

The plywood is used especially for **packing**.



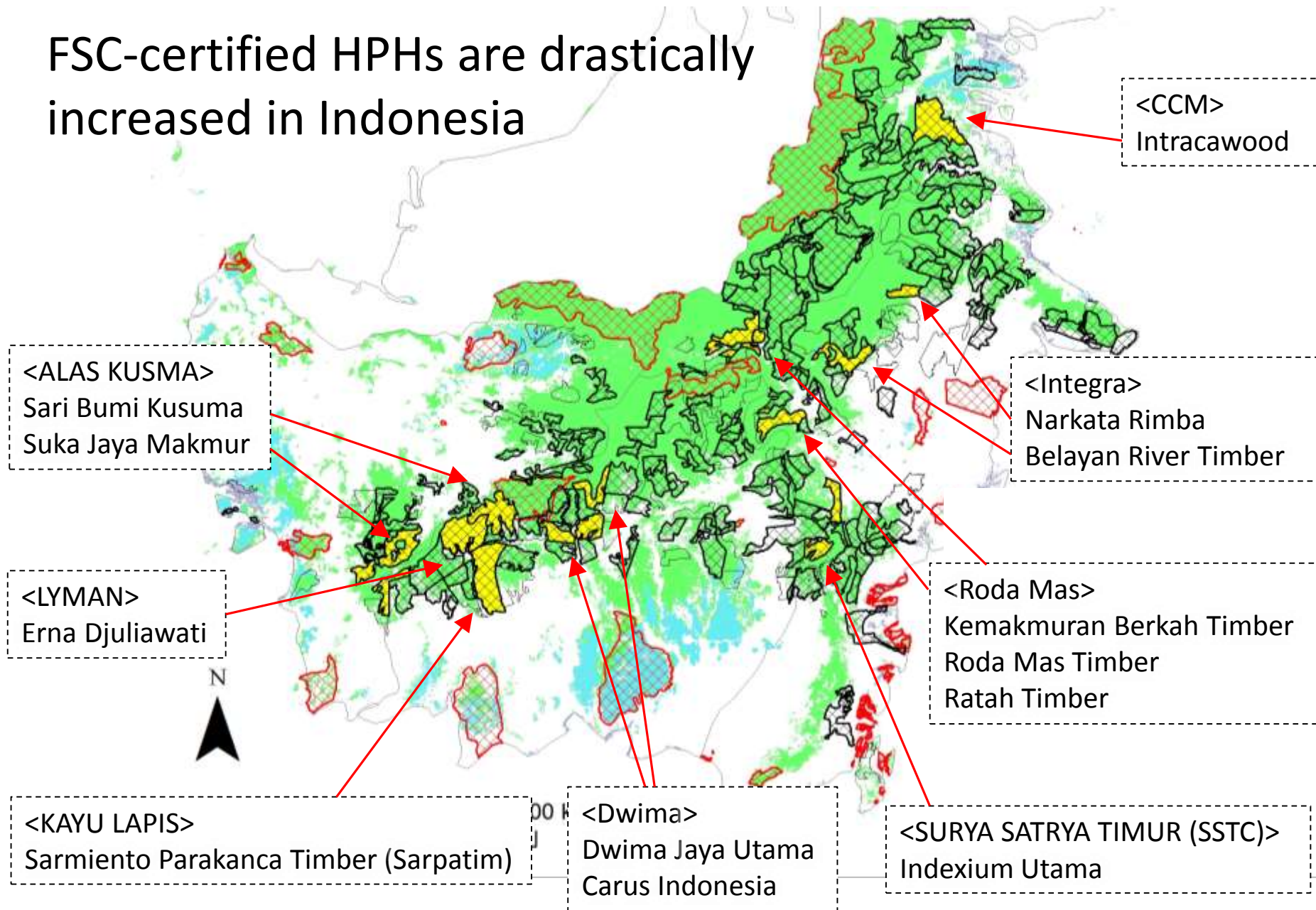
Planted Eucalyptus forest harvested in 5-7 years rotation.  
1.7 million ha in total.



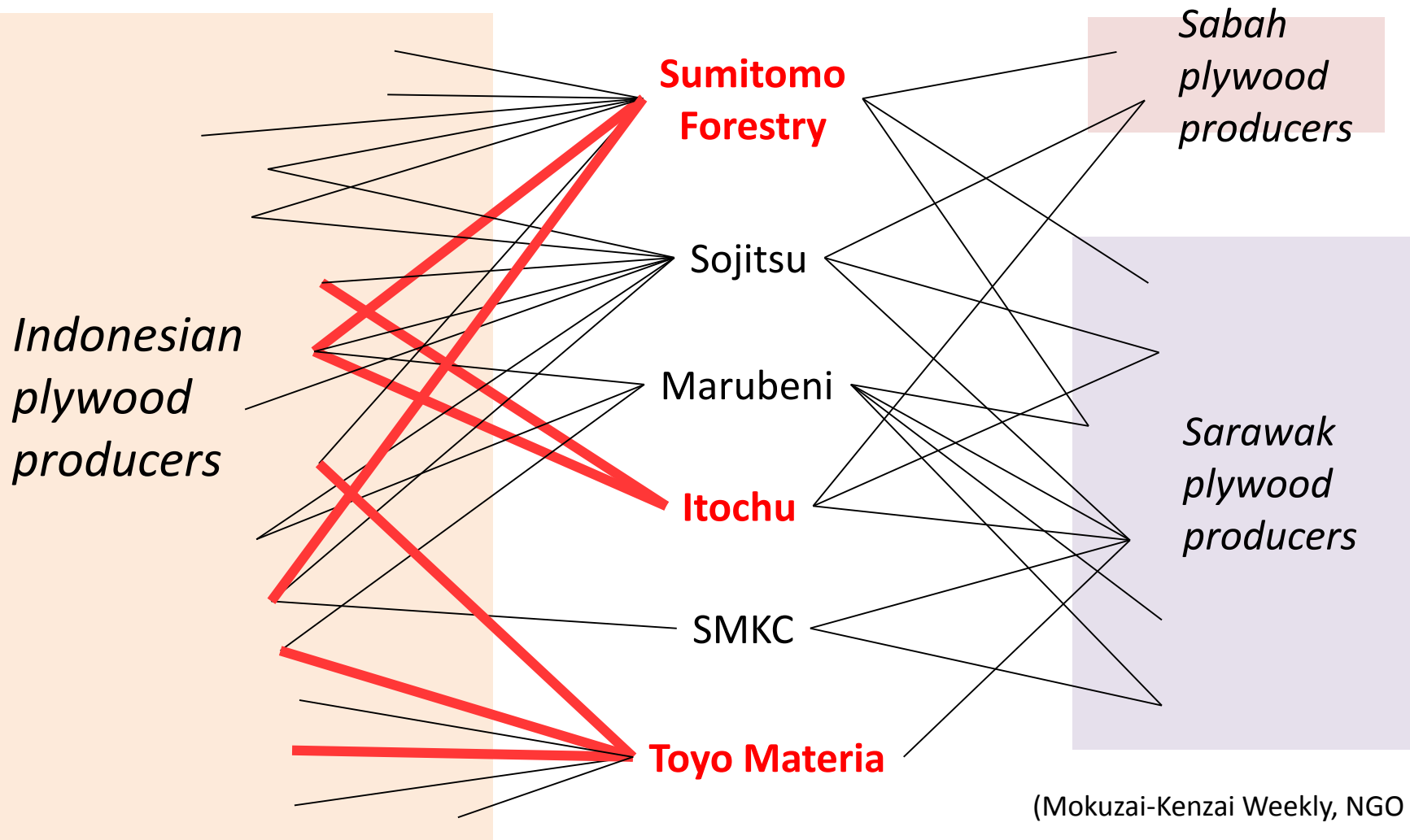
<http://www.konpo.net/3/konpo-gohan.html>

# Current trade of FSC-certified plywood from Indonesia to Japanese market

# FSC-certified HPHs are drastically increased in Indonesia

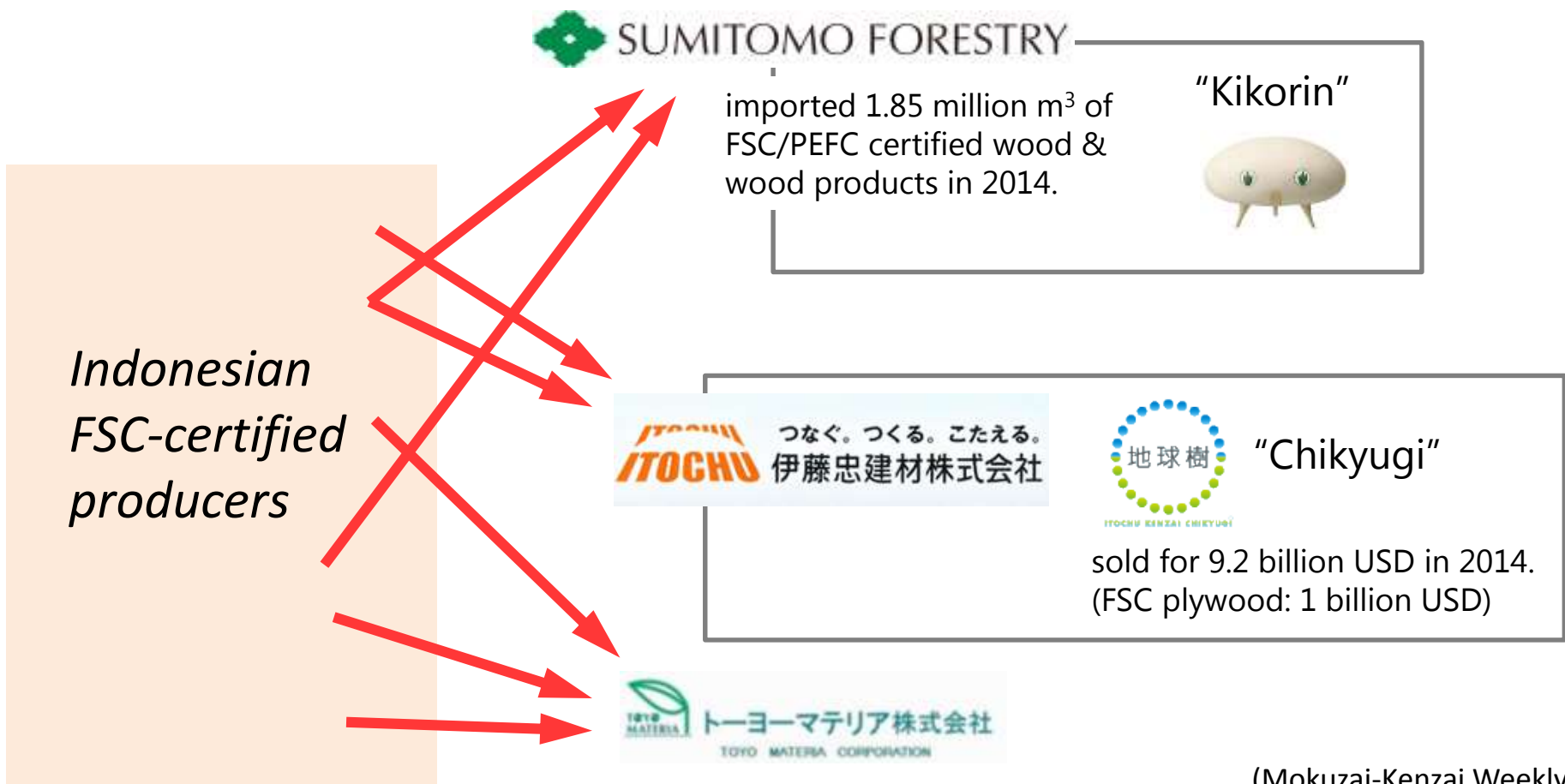


# Sumitomo Forestry, Itochu and Toyo Materia are main importers of certified plywood from Indonesia



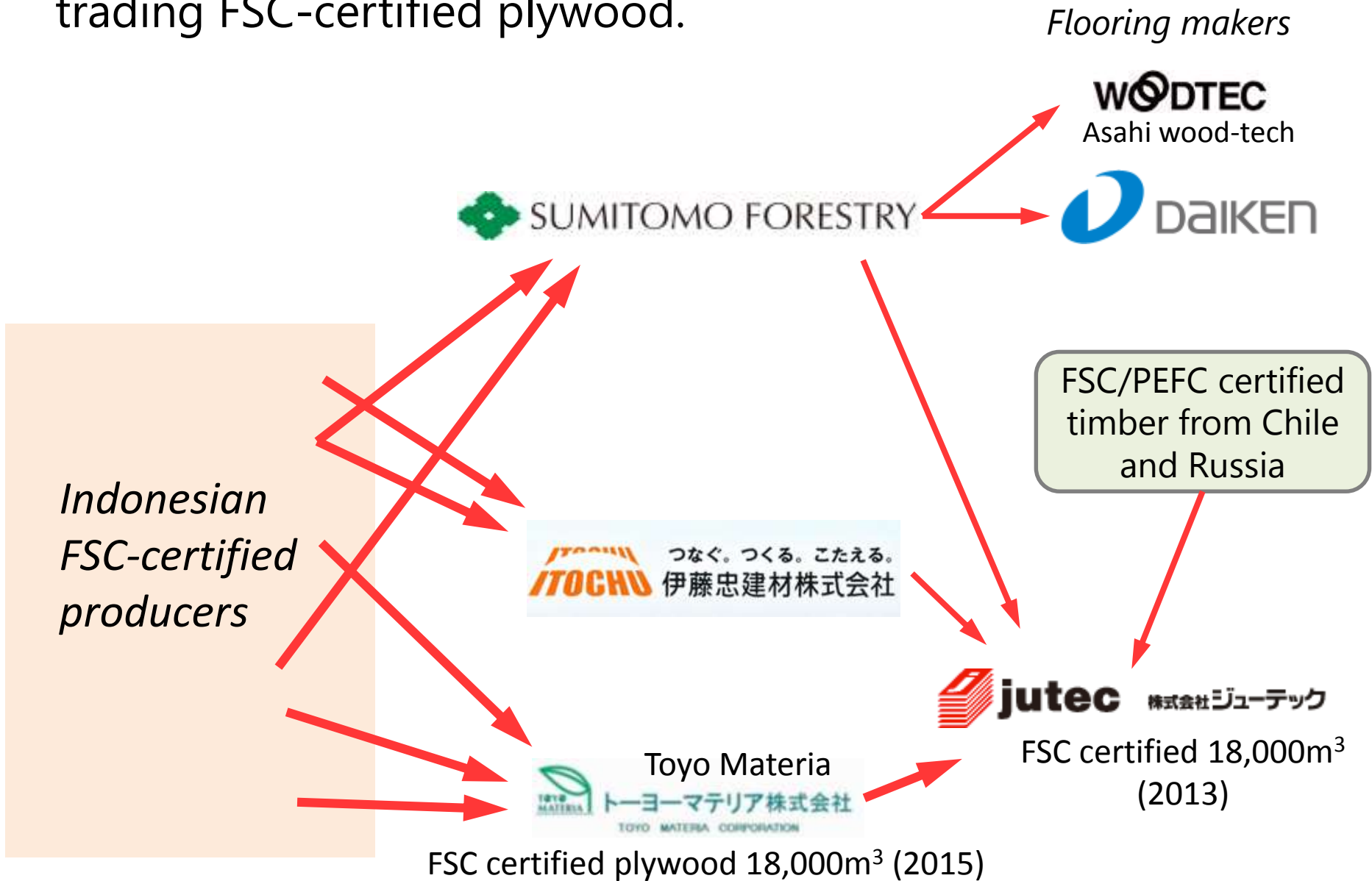
(Mokuzai-Kenzai Weekly, NGO etc.)

**Sumitomo Forestry** and **Itochu** use FSC-certified plywood for their **original brands** of environment-conscious products, in addition to plywood from planted fast-growing trees (ex. Falcata).



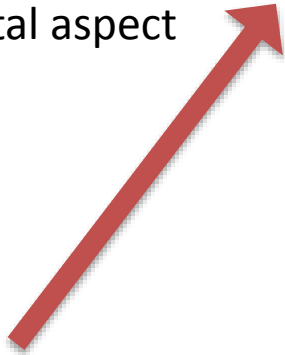


**jutec** is the major lumber wholesalers trading FSC-certified plywood.



House maker

Order for FSC plywood regarding the environmental aspect

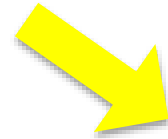


あなたと夢を、ごいっしょに。  
**PanaHome**

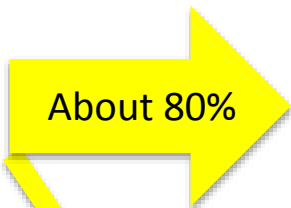
●2012年度 木材グリーン調達実態調査結果 ( )は前年度

区分1	A. 適切に管理された森林から産出された木材・木質材料	45.2%	100%
	B. 木質系再生資源	(44.8%)	
区分2	A. 伐採時の合法性が確認された木材・木質材料	54.3%	
	B. 業界団体等によって合法性の認定が得られている木材・木質材料	(55.2%)	
区分3	伐採時の合法性が確認できない木材・木質材料	0.5%	
		(0.01%)	

(Panasonic group)

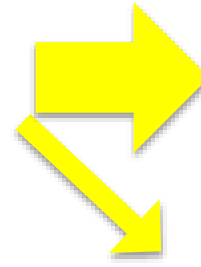


House owners



About 80%

Lumber dealers



Builders

Furniture industry

Order for FSC plywood regarding the quality

Home center



大きな節約 豊かな暮らし

223 shops









# Timber certifications in Japanese market

# There are three types of certification

- (1) Environmental and Social Impact (ex. FSC)
- (2) Local product
- (3) Quality

# (1) Certification for environment

- FSC was introduced in Japan in 2000.
- However, **the recognition is still very weak.**

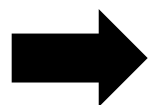
Eco-mark (low environment impact)	Recognition rate in Japan (2015, n=5274)		
	<b>90.7%</b>		<b>11.4%</b>
Low emission vehicle			
	<b>81.4%</b>		<b>8.3%</b>
Recycled paper			
	<b>55.1%</b>		<b>6.5%</b>

# FSC Japan

Main supporters to FSC Japan are domestic planted forestry companies and paper companies



Hayami Forestry  
The first FSC-FM certified  
forest in Japan (2000)



**Promoting FSC-certified timbers from foreign countries are not their priority**

## (2) Certification for local timber

- Many housing companies appeal that their building materials are national or local timbers.
- Many prefecture governments promote the local forestry industries with subsidy to home building using the local timbers.







# Future potential to promote FSC-certification in Japan

- (1) Tokyo Olympic 2020
- (2) Promotion of Timber export
- (3) Timber legality
- (4) TPP (bad news?)

# (1) Tokyo Olympic 2020

The new National Stadium will be build using a volume of domestic timber.

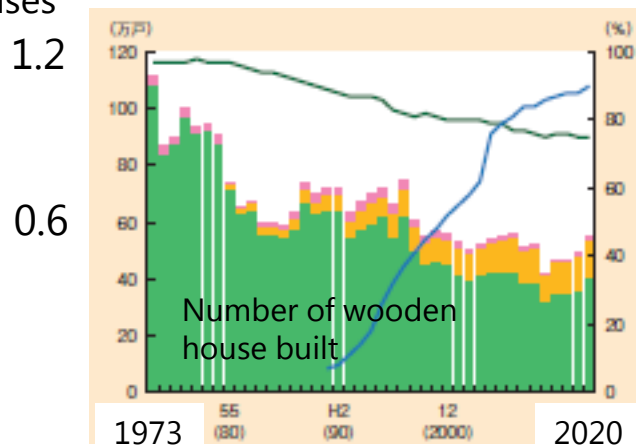


- Domestic certified timber will be used for the stadium & other buildings.
- Many prefecture government started to promote forest certification to supply materials for the memorial buildings.
- **It will finally increase recognition of forest certification (especially FSC) in Japan.**

## (2) Timber export from Japan

- As domestic population and number of new wooden housing will decrease continuously, Japanese government started to promote timber export.
- To promote timber export, the government start to support domestic forestry to be certified by FSC & PEFC.
- **It will also finally increase recognition of forest certification in Japanese market.**

million houses



Volume of exported timber from Japan



### (3) New law against illegal logging

- Goho Wood system (legality verification for public procurement) started in 2006.
- It was earlier than US Lacey Act (2008) and EU Timber Regulation (2010), but has been criticized as the regulation is weak.
- Therefore, **Japanese ruling party (LDP) is preparing to enact a new law to enhance legal timber trading in 2016.**

# Challenge for Indonesian certified timber to Japanese market

# Negative image of tropical wood (especially from Malaysia and Indonesia) is still widely in Japan

Over harvesting



Social conflict



<http://borneoproject.org/who-we-are/our-history>

Illegal logging

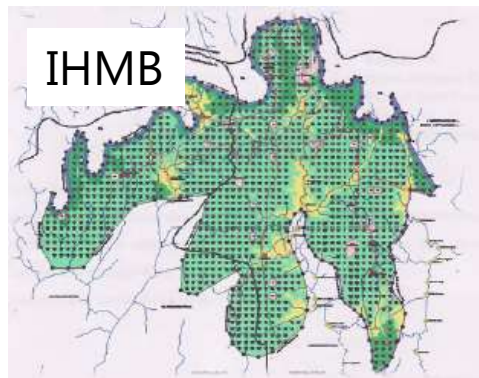


Indonesian forestry system has been obviously **improved**. However, it is **not well recognized** in Japanese market yet.

(1) Inventory and monitoring



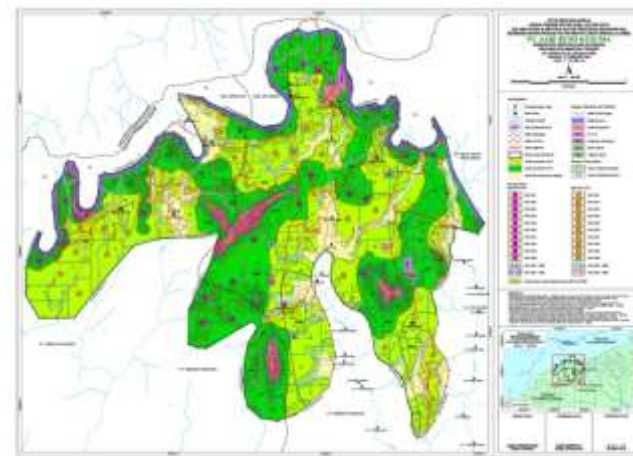
(2) Long-term forest management plan



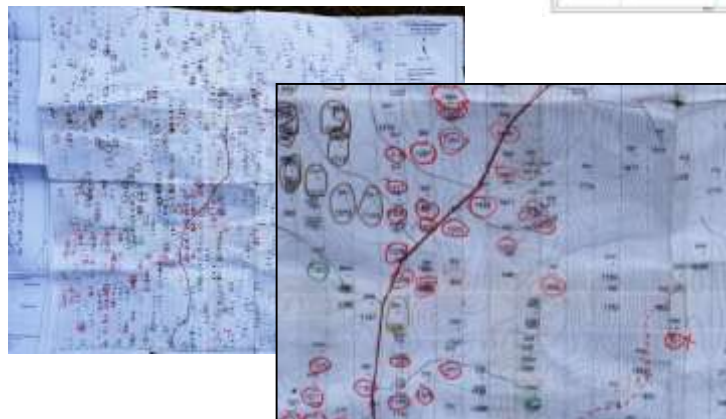
Inventory of standing stock



(3) Reduced-impact logging



10 years Harvesting plan (2011-2020)



Annual harvesting plan

# Conclusion: **Come to Japan to promote Indonesian forestry products produced in sustainable way.**

Magazines and books for housing industries and end consumers



Exhibitions for housing industries



The booth of FSC Japan in Eco-Product 2013, Tokyo