

## THE INTRIGUING JAPANESE MARKET

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Japan is located 6,000 miles west of here. It is made up of four main islands which in land area is equal to 4/10 the size of B.C. or about twice the size of Washington State.

Japan has 118 million people, imports nearly all its energy and raw materials and yet produces 10% of the world's gross national products. The oil cartel problem and price escalations played havoc with Japan as they import all of their oil products. Even with this handicap they have lower inflation, lower interest rates and lower unemployment than we do.

The Japanese people are a proud people; they are honest and work hard for their employers. They place their country first, their employers second and themselves third. The companies are also loyal to their employees.

The Japanese are world leaders in robotics and have more than 80% of the world robots. They are strong believers in quality control. If a person cannot be trained to consistently meet a certain quality control standard he or she is replaced with a robot (if at all possible).

Another quite amazing fact is that they build almost as many houses per year as are built in the U.S. In fact, in 1981 and 1982 they exceeded the U.S. In 1984 they built 1.2 million and the forecast for 1985 is 1.3. The question is how can a country with 118 million people build over 1 million houses every year. The answer is replacements. Up until recent times a house's life expectancy was 30-35 years. A high percentage of the houses built are to replace old houses. The cost of a house which is within a 1 1/2 hour train ride from Tokyo City Centre is about \$200,000. That is a house with less than 1,000 square feet built on a lot which is about 1,500 square feet.

In my slide presentation I will be talking about the use of lumber products but you should be aware that Japan is the world's second largest producer of plywood all based on imported logs. We import Japanese hardwood plywood here in North America.

Sixty percent of the houses built in Japan are traditional post and beam style. COFI has been promoting the North American platform frame construction house since 1974. We are pleased to see U.S.A. associations join in the promotional effort. Platform frame construction is growing with approximately 200 million FBM being used in this type of construction.

Mr. Chapotelle presented a slide presentation showing how lumber is used in the various facets of construction. The presentation illustrated the use of baby squares for posts and horizontal structural members, clear decorative members used within the house, flower-grained ceiling components, shoji screens, etc. An explanation and slides showing the laminated lumber industry, timber frame construction and the sawmilling industry were also shown. Some highlights were:

1. Japan has over 20,000 sawmills - approximately half use home-grown logs which are mostly sugi (Japanese cedar), hinoki (Japanese cypress). The other 50% of the sawmills use imported logs from the U.S.A., Russia, Indonesia and Canada.
2. There are 225 laminated lumber plants producing 125 million FBM of ready to use clear components. Exposed faces of laminated lumber usually have clear, flawless veneer overlays. Veneer is sliced as thin as 0.2 of a millimeter (5 veneers per millimeter).
3. Volumes used in Japan in 1979 were (expressed in millions of FBM).
  - musical instruments (25)
  - core stock (125/150)
  - flower-grain veneers for ceilings (4)
  - backing material for ceilings (30)
  - shoji screens (71)
  - rails for shojis (32)
  - baby squares for sills (140)
  - baby squares for posts 20' (145)
  - baby squares for posts 10' (425--170 clear 2 faces or more)
  - floor joists (2x2) (300)

#### CONCLUSION

Japan housing starts, like most places in the world, are on a decline since 1980, however, they are and will remain large users of wood products. When selling/shipping lumber products into this market one must always remember they have one of the highest quality demands in the world. Lumber used in exposed-to-the-eye situations in construction in Japan is nearly always flawless.