

# Market Opportunities For Pulp And Paper in Japan

## 2007 State of Maine Trade Mission to Japan and Korea



### Contents

---

|                                    |   |
|------------------------------------|---|
| Economic Overview                  | 1 |
| Market for Maine Products          | 2 |
| Wood Pulp                          | 2 |
| Pulpwood Consumption               | 4 |
| Paper & Paperboard                 | 4 |
| Organization & Contact Information | 9 |

---

### Economic overview

#### Japan :

|   |                     |
|---|---------------------|
| Gross Domestic Product (GDP) in U.S. dollars: | 4.9 trillion (2006) |
| GDP per capita in U.S. dollars:               | 33,100              |
| Real GDP growth rate:                         | 2.8%                |
| Inflation:                                    | 0.4%                |
| Unemployment:                                 | 4.1%                |

In 2006, Japan's balance-of-trade surplus was \$69.6 billion compared to \$72.6 billion in 2005. The Japanese Finance Ministry reported that the decline was due mainly to the high cost of oil as energy imports offset exports of cars and semiconductors. With GDP growth rates of 2.75% in 2005 and 2.8% in 2006, Japan has essentially completed its post-bubble adjustment, allowing for stable and consistent future growth.<sup>1</sup>

Japan is a vibrant, prosperous country, with the world's second largest economy. Japanese consumers spend hundreds of billions of dollars on food, clothing, travel, entertainment and a wide variety of other consumer goods and services. The top Japanese firms are among the most efficient and best-run firms in the world. Unemployment, while high by historic Japanese standards, is around 4.1% lower than in most developed countries. The average Japanese household has over \$100,000 in savings, and disposable income of about \$4,000 per month.

---

<sup>1</sup> Excerpts from the U.S. Department of Commerce's Country Commercial Guide 2007

Japan is one of the largest overseas markets for U.S. exporters, with imports from the U.S. totaling over \$59 billion in 2006.<sup>2</sup>

### Japanese market for Maine forestry products

Japan is the fourth largest market (\$128.6 million) for Maine products. The top Maine export in 2006 was wood pulp (Pulp of Wood Etc; Waste Etc of Paper & Paperboard). At \$26.5 million this represents nearly a 77% increase over 2005 sales. Also, sales of Paper & Paperboard (including paper pulp articles) reached \$18.2 million with a 21% exports sales growth. Because of the strength of the wood pulp, paper and paperboard any analysis of opportunities for Maine in Japan should focus on this industry.

*Table: Maine Exports to Japan by Product*

| Rank | Code               | Description   | ANNUAL 2004 | ANNUAL 2005 | ANNUAL 2006        | %2004-2005 | %2005-2006   |
|------|--------------------|---|-------------|-------------|--------------------|------------|--------------|
|      |                    | TOTAL ALL COMMODITIES   | 84,551,613. | 87,514,044. | 128,581,078.       | 3.50       | 46.93        |
| 1    | <a href="#">47</a> | <b>Pulp Of Wood Etc; Waste Etc Of Paper &amp; Paperboard</b>      | 12,339,709. | 14,971,794. | <b>26,488,905.</b> | 21.33      | <b>76.93</b> |
| 2    | <a href="#">84</a> | Industrial Machinery, Including Computers                         | 8,067,392.  | 17,549,717. | 21,260,758.        | 117.54     | 21.15        |
| 3    | <a href="#">03</a> | Fish, Crustaceans & Aquatic Invertebrates                         | 20,901,992. | 17,508,250. | 18,682,191.        | -16.24     | 6.71         |
| 4    | <a href="#">48</a> | <b>Paper &amp; Paperboard &amp; Articles (Inc Papr Pulp Artl)</b> | 18,420,475. | 15,053,341. | <b>18,218,440.</b> | -18.28     | <b>21.03</b> |

Source: Wisier Trade, Runtime: 16:26:25 PM, Wed Apr 25 2007 EDT

### 1-Wood Pulp

Reporting Country: JAPAN

HS Commodity: PULP OF WOOD ETC; WASTE ETC OF PAPER & PAPERBOARD

Partner Country: Total all Countries

Rows selected: 7 (all rows)

Trade flow: Imports

HS Code: 47

Order: Desc

Unit: Total dollar value (US)

| Code                 | Description  | ANNUAL 2004    | ANNUAL 2005    | ANNUAL 2006           | %2004-2005 | %2005-2006   |
|----------------------|--|----------------|----------------|-----------------------|------------|--------------|
|                      | <b>TOTAL SELECTED COMMODITIES</b>                  | 1,376,996,308. | 1,301,095,405. | <b>1,452,581,518.</b> | -5.51      | <b>11.64</b> |
| <a href="#">4703</a> | CHEMICAL WOODPULP, SODA OR SULFATE, NOT DISSOLV GR | 1,048,763,570. | 968,595,080.   | <b>1,102,828,537.</b> | -7.64      | <b>13.86</b> |
| <a href="#">4702</a> | CHEMICAL WOODPULP, DISSOLVING GRADES               | 120,888,335.   | 124,260,385.   | 157,734,684.          | 2.79       | 26.94        |

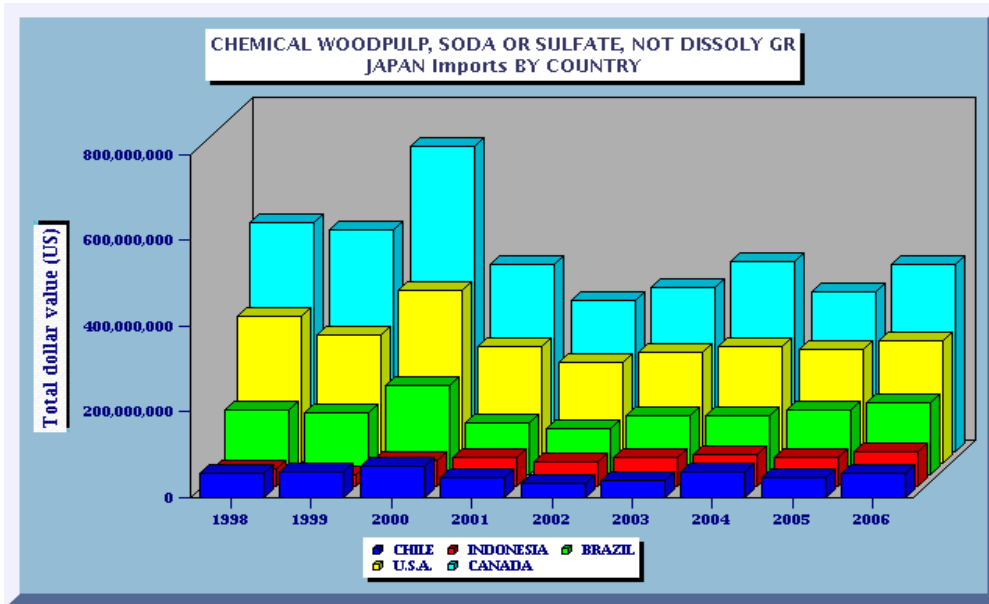
Source: WISERTrade AXESWeb: Japanese Trade Data Query, Runtime: 15:27:40 PM, Wed Apr 18 2007 EDT

According to Wisier Trade statistics Japan imported \$1.45 million of wood pulp from all countries in 2006. This represents an 11.6% rise over 2005 sales. Chemical wood pulp, soda or sulphate, (excluding dissolving grades) constituted the major portion of wood pulp products

<sup>2</sup> Excerpts from the U.S. Department of Commerce's Country Commercial Guide 2007

imported at \$1.1 million—a 13.9% increase in 2006. (For the purposes of this report the term ‘wood pulp’ refers to chemical wood pulp, soda or sulphate).

The chart below indicates Japanese wood pulp imports by country. Wood pulp is imported mainly from Canada and the United States. Brazil is the third largest exporter of wood pulp to Japan, with Indonesia and Chile a distant fourth and fifth.

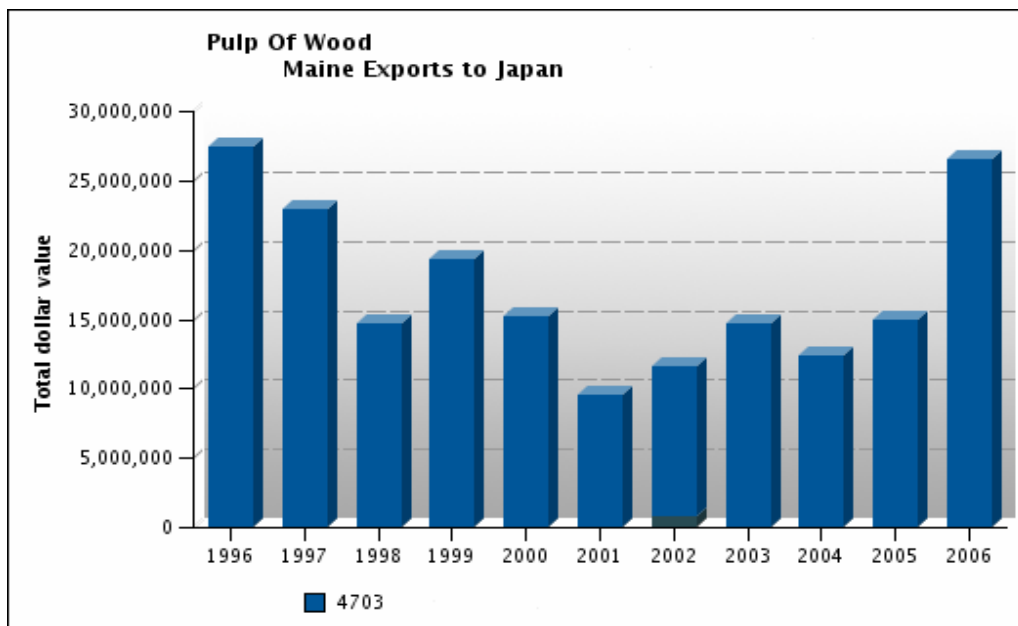


Blue- Canada  
Yellow- USA  
Green- Brazil

Japan wood pulp imports by Country, 2006 data Source: Wisetrade

### Maine Exports : Wood pulp

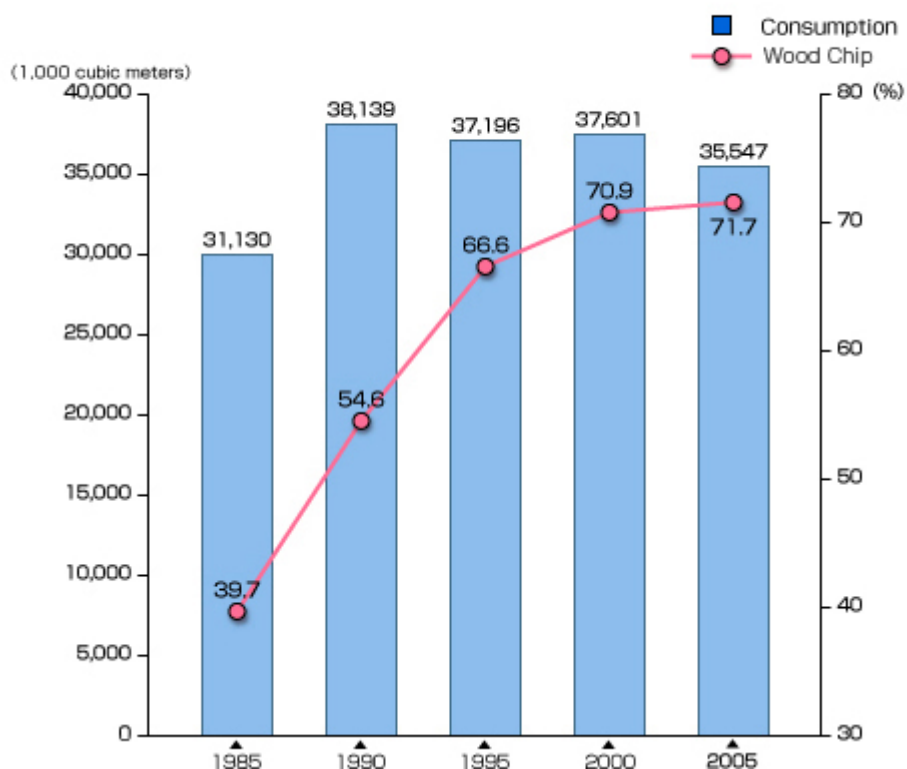
Japan is the third largest market for Maine, behind China and South Korea, as a destination for wood pulp. Maine wood pulp exports to Japan were over \$ 26 million in 2006, representing a dramatic increase of 77% over 2005 figures.



## Consumption of pulpwood- increasing import ratio in Japan

Consumption of pulpwood, which is part of the raw material needed for pulp making, remained almost flat as a whole for more than a dozen years. However, the ratio of imported pulpwood is steadily increasing as a result of its competitiveness. (Pulpwood, both domestic and imports, come from forest residues, logs unsuitable for lumber, and from plantations)

### ■ Pulpwood Consumption



Source: Pulp & Paper Statistics by Japan Ministry of Economy, Trade and Industry

## 2-Paper and paperboard

### Export and Import of Paperboard

In 2005, Japan imported 1.75 million tons of paperboard and exported 1.24 million tons. Import was 5.5 percent and export was 4.0 percent of the total consumption, both sharing a minor percentage.

Japan is the third largest producer of paperboard in the world. Per capita consumption in 2004 was 247 kg. Japan's paper industry is utilized mainly for domestic needs. Consumption is nearly equal to production in Japan, indicating that the market is driven by domestic demand. Moreover, domestic paper consumption has grown steadily in line with the expansion in the gross domestic product. This suggests that future demand is not likely to suffer a dramatic fall.

Japan imported over \$2.5 million paper and paper board articles from all over the world in 2006. The US is the largest exporter by \$675 million. It should be noted that, although the US remains the largest supplier, imports from China to Japan are increasing while imports from the US have had a slightly downward trend for the last 3 years.

Reporting Country: JAPAN

HS Commodity: PAPER & PAPERBOARD & ARTICLES (INC PAPR PULP ARTL)

Partner Country: Total all Countries

Sorted by: 2006

Trade flow: Imports

HS Code: 48

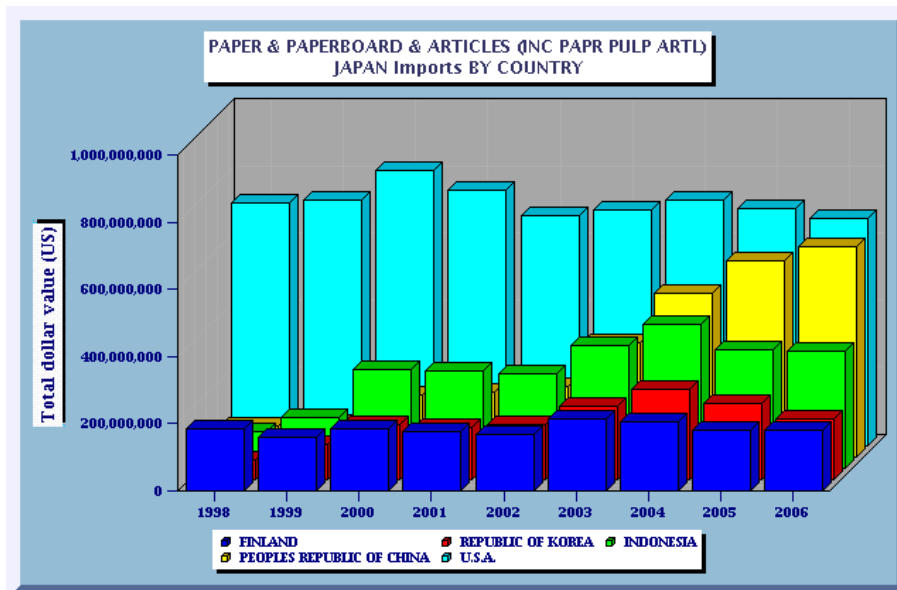
Order: Desc

Unit: Total dollar value (US)

| Rank | Code                | Description                | ANNUAL 2004    | ANNUAL 2005    | ANNUAL 2006    | %2004-2005 | %2005-2006 |
|------|---------------------|----------------------------|----------------|----------------|----------------|------------|------------|
|      |                     | <b>TOTAL ALL COUNTRIES</b> | 2,743,068,010. | 2,602,390,739. | 2,534,845,522. | -5.13      | -2.60      |
| 1    | <a href="#">304</a> | U.S.A.                     | 730,037,253.   | 703,917,875.   | 675,392,624.   | -3.58      | -4.05      |
| 2    | <a href="#">105</a> | PEOPLES REPUBLIC OF CHINA  | 489,243,340.   | 583,837,117.   | 626,631,649.   | 19.33      | 7.33       |
| 3    | <a href="#">118</a> | INDONESIA                  | 428,401,779.   | 354,849,624.   | 347,903,813.   | -17.17     | -1.96      |
| 4    | <a href="#">103</a> | REPUBLIC OF KOREA          | 270,465,359.   | 225,926,205.   | 180,212,753.   | -16.47     | -20.23     |
| 5    | <a href="#">222</a> | FINLAND                    | 205,537,119.   | 181,225,633.   | 178,712,534.   | -11.83     | -1.39      |
| 6    | <a href="#">213</a> | GERMANY                    | 111,517,170.   | 100,070,079.   | 101,249,955.   | -10.26     | 1.18       |
| 7    | <a href="#">106</a> | TAIWAN                     | 77,214,430.    | 84,424,884.    | 80,187,802.    | 9.34       | -5.02      |
| 8    | <a href="#">203</a> | SWEDEN                     | 37,110,624.    | 36,301,897.    | 68,583,564.    | -2.18      | 88.93      |
| 9    | <a href="#">210</a> | FRANCE                     | 48,431,161.    | 44,377,441.    | 40,419,357.    | -8.37      | -8.92      |
| 10   | <a href="#">111</a> | THAILAND                   | 33,024,072.    | 33,418,255.    | 31,891,386.    | 1.19       | -4.57      |

Source: WISERTrade AXESWeb: Japanese Trade Data Query Runtime: Apr 18 2007 EDT

Chart: Japan paper and paperboard imports by country.



Blue-United States  
Yellow-China  
Green- Indonesia

## Japanese imports by classification

In paper and paperboard category Japan mostly imports:

- Kaolin coated paper (HS 4810 Paper, Paperboard, Cellulose Wadding and Webs, Coated, Impregnated, Surface Colored, Surface-Decorated Or Printed, Nesoi, In Rolls or Sheets,)
- Regular coated paper (HS 4811: Paper And Paperboard, Coated On One Or Both Sides With Kaolin (China Clay) Or Other Inorganic Substances (With No Other Coating), In Rolls or Sheets.)
- Uncoated paper(HS 4802: Paper And Paperboard, Uncoated, For Writing, Printing Etc., Punch Card Stock And Punch Tape Paper, In Rolls Or Sheets; Handmade Paper And Paperboard.)

Reporting Country: JAPAN

HS Commodity: PAPER & PAPERBOARD & ARTICLES (INC PAPR PULP ARTL)

Partner Country: All Countries

Sorted by: 2006

Trade flow: Imports

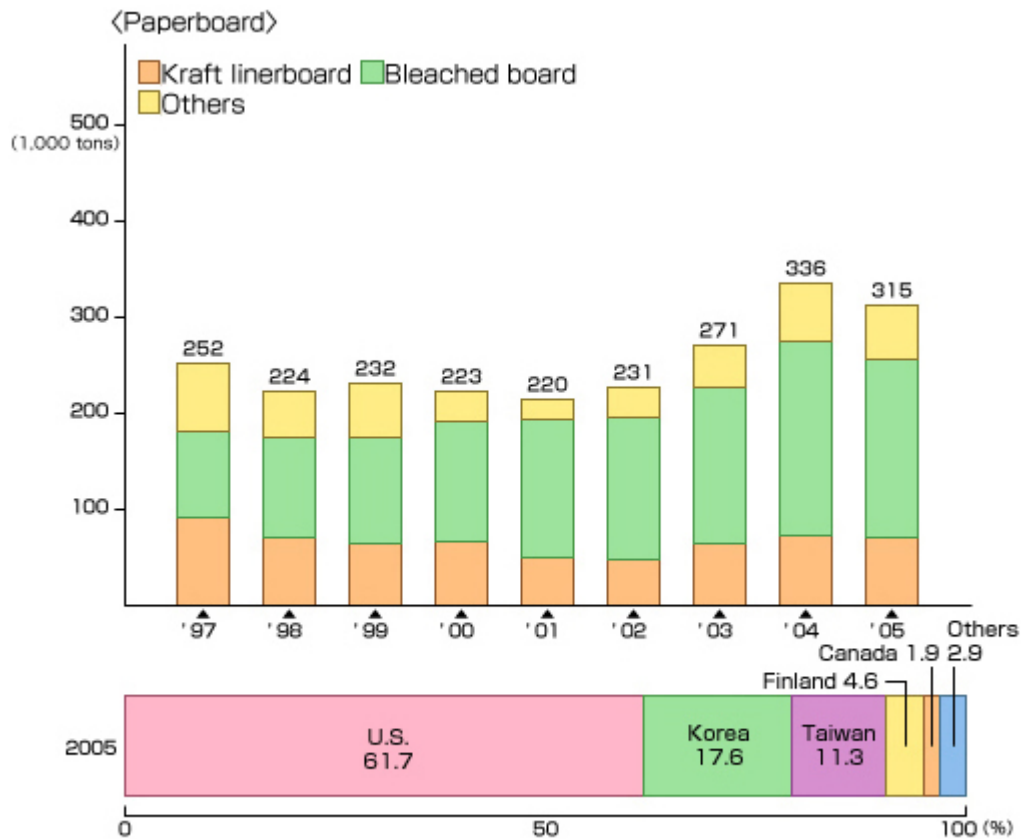
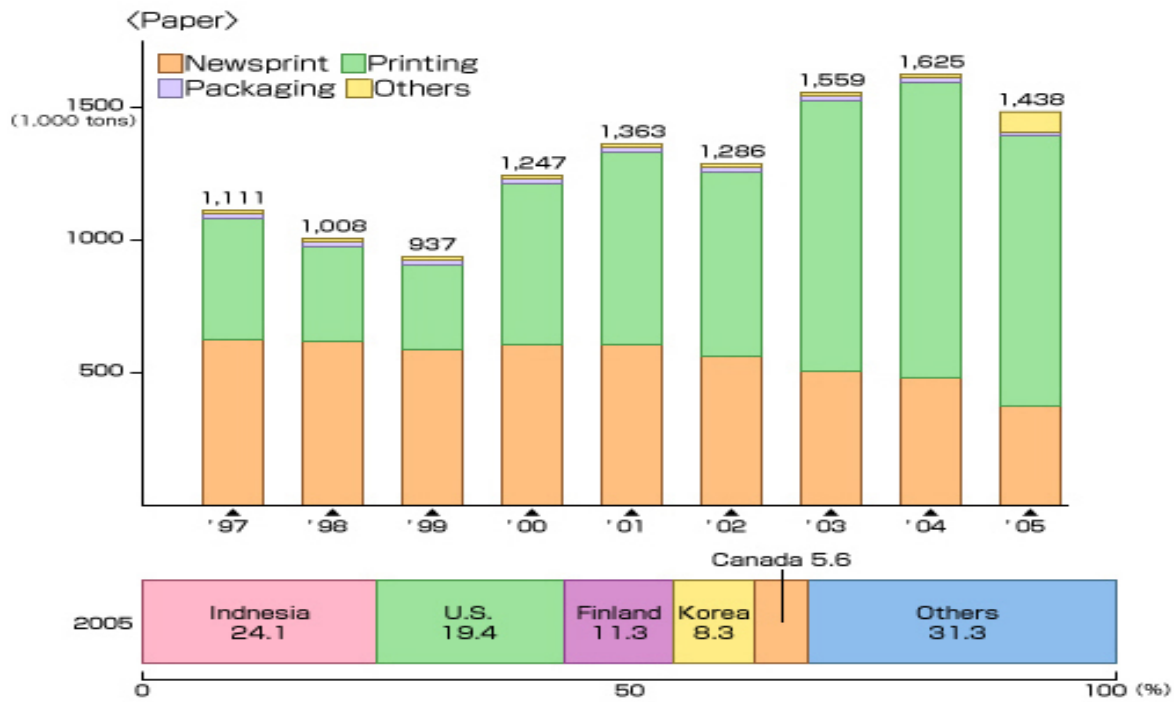
HS Code: 48

Order: Desc

Unit: Total dollar value (US)

|    | Code                 | Description  | ANNUAL<br>2004 | ANNUAL<br>2005 | ANNUAL<br>2006 | %2004<br>- 2005 | %2005<br>- 2006 |
|----|----------------------|--|----------------|----------------|----------------|-----------------|-----------------|
|    |                      | <b>TOTAL SELECTED COMMODITIES</b>                        | 2,743,068,010. | 2,602,390,739. | 2,534,845,522. | -5.13           | -2.60           |
| 1  | <a href="#">4810</a> | PAPER & PAPERBOARD,<br>COATED WITH KAOLIN ETC, RL<br>ETC | 601,702,437.   | 550,620,275.   | 509,562,646.   | -8.49           | -7.46           |
| 2  | <a href="#">4811</a> | PAPER, PAPERBOARD, WAD ETC,<br>COAT ETC NESOI, RL ETC    | 454,101,219.   | 464,379,896.   | 470,883,502.   | 2.26            | 1.40            |
| 3  | <a href="#">4802</a> | PAPER, UNCOAT, FOR WRITING<br>ETC, ROLLS; HNDMD PAPER    | 438,492,585.   | 420,412,619.   | 417,144,283.   | -4.12           | -0.78           |
| 4  | <a href="#">4819</a> | CARTONS ETC PAPER;<br>OFFICE BOX FILES ETC, PAPER<br>ETC | 217,974,567.   | 226,513,235.   | 252,227,938.   | 3.92            | 11.35           |
| 5  | <a href="#">4823</a> | PAPER, PAPERBOARD,<br>CELLUL WAD TO SIZE & ARTS<br>NESOI | 154,466,714.   | 175,652,423.   | 191,451,093.   | 13.72           | 8.99            |
| 6  | <a href="#">4818</a> | TOILET PAPER & SIMILAR<br>HOUSEHOLD,<br>SANITARY ITEMS   | 215,200,398.   | 181,108,303.   | 169,274,445.   | -15.84          | -6.53           |
| 7  | <a href="#">4801</a> | NEWSPRINT, IN ROLLS OR<br>SHEETS                         | 316,496,874.   | 242,363,565.   | 166,432,370.   | -23.42          | -31.33          |
| 8  | <a href="#">4820</a> | REGISTERS, NOTEBOOKS,<br>BINDERS,<br>BUS FORMS ETC, PAPR | 96,069,603.    | 102,287,274.   | 110,360,509.   | 6.47            | 7.89            |
| 9  | <a href="#">4804</a> | KRAFT PAPER & PAPERBOARD,<br>UNCOAT NESOI, ROLLS ETC     | 91,647,500.    | 82,913,267.    | 82,259,168.    | -9.53           | -0.79           |
| 10 | <a href="#">4805</a> | PAPER & PAPERBOARD,<br>UNCOAT,<br>NESOI, ROLLS OR SHEETS | 33,153,496.    | 31,800,054.    | 46,305,851.    | -4.08           | 45.62           |

## ■ Trends of Paper and Paperboard Import



## Maine exports : Paper and paperboard product

Paper and paperboard articles (inc. paper pulp art) were the second largest commodity in 2006 boasting nearly a 6.9 % increase over 2005 sales in overall Maine exports to all other countries. Maine exported over \$18 million of paper and paperboard products to Japan in 2006—a 6.71 increase. The first two leading products sold to Japan in the category made up nearly all of the total exports.

From State: Maine

Commodity: Paper & Paperboard & Articles (Inc Papr Pulp Artl)

Destination: Japan

Sorted by: 2006

Series: Origin of Movement

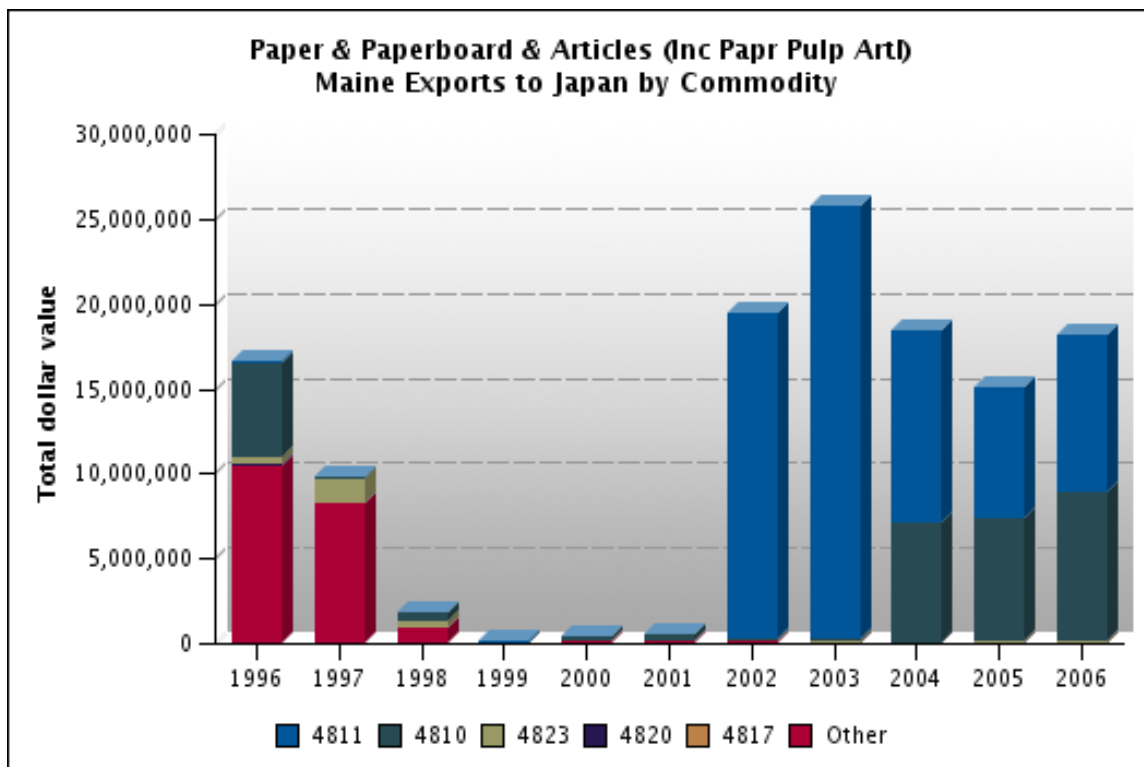
HS Code: 47

Order: Desc

Unit: Total dollar value (US)

| Rank                              | Code                 | Description  | ANNUAL 2004 | ANNUAL 2005 | ANNUAL 2006 | %2004-2005 | %2005-2006 |
|-----------------------------------|----------------------|--|-------------|-------------|-------------|------------|------------|
| <b>TOTAL SELECTED COMMODITIES</b> |                      |  | 18,420,475. | 15,053,341. | 18,218,440. | -18.28     | 21.03      |
| 1                                 | <a href="#">4811</a> | PAPER, PAPERBOARD, WAD ETC, COAT ETC NESOI, RL ETC | 11,401,616. | 7,684,399.  | 9,306,323.  | -32.60     | 21.11      |
| 2                                 | <a href="#">4810</a> | PAPER & PAPERBOARD, COATED WITH KAOLIN ETC, RL ETC | 6,975,032.  | 7,247,862.  | 8,807,548.  | 3.91       | 21.52      |
| 3                                 | <a href="#">4823</a> | PAPER, PAPERBOARD, CELLUL WAD TO SIZE & ARTS NESOI | 13,242.     | 87,947.     | 86,248.     | 564.15     | -1.93      |

Source: *Wiser Trade*



## **APEC and AsiaNow**

### **APEC**

While the US Commercial Service cites certain trade barriers to US imports, most of those barriers are initiated by the Japanese government. However, there are current efforts aimed at reducing those barriers. Asia-Pacific Economic Cooperation (APEC) currently has 21 member economies including those of the United States, Japan, China, The Republic of Korea, and Australia. The US Commercial Service lists some of its top priorities as an APEC member as: “a successful conclusion to the WTO/DOHA round, improving enforcement of Intellectual Property Rights, improving trade security, improving energy conservation/efficiency and diversity of supply, strengthening disaster and pandemic preparednes [and] improving corporate governance and transparency in the region.” Current information on APEC and its cooperative efforts can be found at the APEC homepage: <http://www.apecsec.org.sg/>

### **AsiaNow**

The U.S. Commercial Service helps U.S. business export goods and services to markets worldwide. The AsiaNow program brings together the resources of U.S. Commercial Service offices in 14 Asia-Pacific markets and Export Assistance Centers throughout the U.S., providing companies with a single point of access to exporting to Asia-Pacific. Information on the U.S. Commercial Service/AsiaNow project can be found at: <http://www.buyusa.gov/asianow/>

## **US Commercial Service Contacts in Japan**

### **US Commercial Service Fukuoka**

**Phone:** 011-81-92-751-9331  
**Fax:** 011-81-92-725-3772  
**Email:** [Fukuoka.Office.Box@mail.doc.gov](mailto:Fukuoka.Office.Box@mail.doc.gov)  
**Address:** American Consulate General  
US Commercial Service  
2-5-6 Ohori, Chuo-ku  
Fukuoka 180-0052

American Consulate General  
US Commercial Service  
Unit 45005, Box 280  
APO AP 96337-5004

### **U.S. Commercial Service Nagoya**

**Phone:** 81-52-581-4451  
**Fax:** 81-52-581-4523  
**Email:** [nagoya.office.box@mail.doc.gov](mailto:nagoya.office.box@mail.doc.gov)  
**Address:** American Consulate  
US Commercial Service  
Nagoya International Center Building, 6F

1-47-1 Nagono, Nakamura-ku  
Nagoya 450-0001

American Consulate Nagoya  
U.S. Commercial Service  
Unit 45004, Box 280  
APO AP 96337-5004

### **US Commercial Service Osaka-Kobe**

**Phone:** 81-6-6315-5957  
**Fax:** 81-6-6315-5963  
**Email:** [Osaka-Kobe.Office.Box@mail.doc.gov](mailto:Osaka-Kobe.Office.Box@mail.doc.gov)  
**Address:** American Consulate General  
US Commercial Service  
2-11-5 Nishitenma, Kita-Ku  
Osaka 530-8543

American Consulate General  
US Commercial Service  
Unit 45004 Box 239  
APO AP 96337-5004

### **U.S. Commercial Service Sapporo**

**Phone:** 81-11-641-1115  
**Fax:** 81-11-643-1283  
**Email:** [Sapporo.Office.Box@mail.doc.gov](mailto:Sapporo.Office.Box@mail.doc.gov)  
**Address:** American Consulate General  
U.S. Commercial Service  
Nishi 28, Kita 1, Chuo-ku  
Sapporo 064-0821

American Consulate General  
US Commercial Service  
Unit 45004, Box 276  
APO AP 96337-5004

### **US Commercial Service Tokyo**

**Phone:** 81-3-3224-5060  
**Fax:** 81-3-3589-4235  
**Email:** [Tokyo.Office.Box@mail.doc.gov](mailto:Tokyo.Office.Box@mail.doc.gov)  
**Address:** American Embassy  
U.S. Commercial Service  
1-10-5 Akasaka, Minato-ku  
Tokyo 107-8420