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Canadian Suppliers Active

PAPER INDUSTRY FACES NEED TO RELY HEAVILY ON PULPWOOD IMPORTS

(By a Staff Writer)

Acquisition of an adequate supply of raw materials has become the most important problem facing Japan's paper and pulp industry in recent years. Imports of chips have been increasing yearly, and major paper and pulp companies are showing unusual interest in projects for development of lumber resources in the tropics. On the other hand, Canadian industrialists are actively advancing into the Japanese market with offers of pulp at low prices.

With domestic lumber resources extremely poor, Japan inevitably is destined to depend increasingly on overseas sources for paper-making raw materials in the form of pulp or pulpwood.

POOR RESOURCES

Japan's forestry resources are estimated at around 1,900 million cubic meters, less than 1/10th of that of the United States which possesses 20,300 million cubic meters and Canada, 23,900 million cubic meters. In order to meet increasing domestic demand for lumbers for housing and allied purposes without attrition of its limited forest resources, Japan has had to depend on imports for paper-making materials.

Against this background, Japan's lumber imports, inclusive of chips and pulps, have increased at a rapid pace. It is estimated that Japan should depend on imports for around 40 per cent of its lumber demand estimated at around 80 million cubic meters in the current fiscal year. As such, lumber imports this year are expected to exceed \$800 million in value to become the second most important import item of Japan, after petroleum.

NORTHEASTERN JAPAN EYED

Under the circumstances, Japanese paper pulp manufacturers have been engrossed in an active search for pulpwood resources. They have begun to eye Japan's Tohoku (northeastern Japan) district where lumber resources still are relatively rich.

Mitsubishi Paper Mills, Ltd. has constructed a paper mill in Hachinohe in Aomori Prefecture in northeastern Japan. Daishowa Paper Mfg. Co., Ltd. is planning to advance into Iwanuma in Miyagi Prefecture in collaboration with Nippon Paper Mfg. Co., Ltd., its subsidiary. Jujo Paper Mfg. Co., Ltd. also envisages construction of a paper-pulp mill in Nakoso in Fukushima Prefecture, although this plan is likely to be changed by its recent decision to absorb Tohoku Pulp Co., Ltd. already operating in northeastern Japan.

Other paper manufacturers, such as Rengo Shiki Co., Ltd., also are planning to construct large paperboard mills in the Tohoku district.

Despite such developments, paper manufacturers are well aware of the limits in using domestic pulpwood resources. Owing to such circumstances, they have begun to import chips from North America by specialized carriers. Chip imports from North America by special carriers first were started by Toyo Pulp K.K. in 1965. From the early part of 1967, many other pulp and paper manufacturers followed suit. As a result, annual chip imports, which amounted to only 250,000 cubic meters in 1965, increased to 550,000 cubic meters in 1966.

DIVERSIFICATION OF IMPORT SOURCES

In view of the fact that dependence on a specific single area for chip and pulp imports is not advisable and that countries in North America in a way are Japan's competitors in the field of paper and pulp, Japanese paper and pulp manufacturers are endeavoring to diversify import sources by developing lumber resources in Southeast Asian areas and importing chips from the Soviet Union.

Such projects already have taken concrete shape. Japanese paper and pulp manufacturers have established joint ventures in Southeast Asian countries through tie-ups with local interests or have concluded long-term import contracts with lumber enterprises in such countries.

As to pulpwood supply sources in Southeast Asia, Japanese paper and pulp manufacturers are beginning to eye mangrove trees available in the Philippines,