

JAPAN

by
Japan Paper Association

EMERGING ISSUES FACING THE JAPANESE PULP AND PAPER INDUSTRY

1. Not only saturated growth on domestic shipments volume but also increase in production cost, especially raw materials and energy cost, are significantly affecting companies' profits.

Domestic shipments for 2007 inched up by 0.1 percent from 2006. The volume didn't hit the highest record in the past and the growth rate has continued to be less than the growth of GDP. Although companies have been making every effort to reduce production costs, their efforts are not adequate to cover faster cost increase of raw material, especially recovered paper, and energy such as oil and coal. As a result, 10 listed paper and paperboard companies' sales for fiscal 2007 ending March 31, 2008 increased by 4.5 percent, while recurring profits dropped by 33.0 percent.

2. Global Warming is one of the most important issues for the industry in Japan.

Under the Committed Action Plan for the Environment, JPA promotes the use of energy saving equipment and the conversion from fossil fuels to biomass, as well as the expansion of forest plantation areas for absorbing and fixing carbon dioxide. JPA is committed to reducing the unit consumption of fossil fuel energy by 13 percent from fiscal 1990 level by fiscal 2010, to reducing the unit consumption of carbon dioxide emission by 10 percent, and to expanding forest plantation area to 600 000 hectares by fiscal 2010. As a result of significant efforts by member companies, by fiscal 2006, both the fossil fuel unit consumption target and forest plantation target had been achieved. In September 2007, JPA set the following new targets:

- On a five-year average basis from fiscal 2008 to fiscal 2010, reduce fossil energy consumption per unit and fossil energy derived CO₂ emission per unit by 20 percent and 16 percent from the level of fiscal 1990, respectively;
- By fiscal 2012, expand the industry's forest plantation at home and abroad to 700 thousand hectares through promoting forest plantation activities.

Japanese pulp and paper industry's economic/business performance for 2007

- Japanese economy in 2007.
 - Real GDP grew by 2.1 percent from the previous year.
- Performance of the Japanese pulp and paper industry in 2007 over the previous year.
 - Paper and paperboard production inched up by 0.5 percent to 31 266 thousand tons.
 - Domestic shipments of paper and paperboard edged up by 0.1 percent to 30 227 thousand tons.
 - Imports of paper and paperboard dropped by 16.7 percent to 1375 thousand tons.
 - Exports of paper and paperboard rose by 13.7 percent to 1385 thousand tons.
 - Recovered paper consumption increased by 1.3 percent with a utilization rate of 61.2 percent.
 - Recovered paper exports decreased by 1.1 percent to 3844 thousand tons, of which 3170 thousand tons were shipped to China accounting for 82.5 percent.
 - 12 listed paper and paperboard companies' sales for fiscal 2007 ending March 31 2008, inched up by 0.5 percent, while recurring profits dropped by 14.7 percent.