

I will briefly describe the trends in Japan's corrugated industry.

During 2016, the Japanese economy continued to show signs of modest recovery, recording a real GDP growth rate of 1.3%.

Meanwhile, the market produced a total of 13.975 billion square meters of corrugated board in 2016. This was a 1.7% increase on the previous year, and set a new record-high level, exceeding the previous record-high production in 2007 of 13.966 billion square meters.

Looking at a breakdown of demand, the processed foods market, which accounts for more than 40% of the total demand, increased by 3.0% from the previous year. The mail order, parcel delivery and moving market comprises only a small fraction of demand at about 5%, but it has been increasing every year, up by 6.3% from the previous year, and is projected to continue growing.

The average basis weight of corrugated board in 2016 was 607.7 grams per square meter, a decrease of 2.6 grams per square meter from the previous year. Steady progress is being made toward lighter corrugated boards.

During fiscal 2017, while there is a degree of uncertainty over the impact of the North Korea situation, it is expected that the market will fundamentally continue on its path of moderate recovery. According to a private research organization, the forecast growth rate of real GDP is roughly 1%.

The Japan Corrugated Case Association has predicted new record-high demand for corrugated boards in the 2017 calendar year, forecasting a further year-on-year growth rate in demand of 1.0%.

As for initiatives of the Japan Corrugated Case Association, efforts have been made since 2015 for improved total factor productivity (TFP), designed to rectify the long working hours in the corrugated industry. Bit by bit, these efforts are producing results. We have also promoted disaster prevention agreements with local governments to provide corrugated board beds and other gear to evacuation centers in the event of a disaster. There has been a rapid uptake of these agreements ever since the corrugated board beds drew a great deal of media attention in the aftermath of last year's Kumamoto Earthquake.