

Restoring a Healthy Circulation of Forest and Forest Industry; Providing Full Support for Wood Utilization Initiative

Japan is a forest superpower, with forests accounting for about two-thirds of its national land area. Forests have multiple functions, and among them the carbon absorption capacity of forests is attracting attention as Japan and other countries grapple with climate change. Forests also play an important role in preserving biodiversity. On the other hand, the forest industry has many problems, including low timber prices, high costs for replanting and the difficulty of business succession. In cooperation with forest owners' cooperatives, the Bank will address the upstream, midstream and downstream issues regarding forests and the forest industry to contribute to fulfilling the multiple functions of forests.

The Norinchukin Bank/JForest Association Initiatives	
Upstream Issues Management intensification, integration and expansion of raw wood production 	Nochu Potential Forest Productivity Fund This fund was established in 2005 (the former fund until 2013) and subsidized 115 projects nationwide over a total of 18,400 hectares valued at ¥2.31 billion as of the end of fiscal 2021. This fund contributes to the regeneration of degraded privately owned forests by subsidizing projects that aim to maintain the public benefits and the sustainable multiple functions of forests.
	Forestry Labor Safety Improvement Measures The annual death/injury rate per 1,000 workers in the forest industry is at a level about nine times the average of all industries. It is urgent to improve labor safety in the forest industry. This project subsidizes the purchase of forestry work safety equipment, etc., which is offered to Japan Forest Owners' Cooperatives, private businesses contracted by cooperatives and students of forestry colleges, etc. (3,185 cases/¥500 million from FY2015 to FY2021). → P33
	Low-Cost Forest Replanting Measures To achieve circular forests and forestry management, we have put forth reforestation using a lower-cost planting promotion project. To solve this issue, in fiscal 2020 we created a new initiative called the Low-cost Forest Replanting Project in partnership with JForest Zenmoriren (National Federation of Forestry Owners' Cooperative Association). This focuses on halving the costs of growing forests, shortening the cutting cycle and finding new distribution channels. → P33
Midstream Issues Productivity improvement of processing and marketing 	Export Support Wood exports from Japan are on the rise (¥47.5 billion in fiscal 2021), mainly due to a growing demand for wood overseas. We support exports through timber intensification in cooperation with a network of forest owners' cooperatives, and we are exploring new demand for Japanese timber overseas.
	Wood Solution Network (WSN) To solve the issues facing the forestry industry in Japan, we must create a platform by which various companies and organizations (from upstream forest owners' cooperatives to midstream lumber, processing and distribution companies, and finally to the nearest downstream end users) come together to solve issues. In 2016, the Norinchukin Bank established the Wood Solution Network to expand the utilization of wood, focusing on Japanese wood.
Downstream Issues Wood demand expansion and wood utilization expansion 	Spreading Wood Use Education and Expanding the Utilization of Wood Products Nationwide As part of the efforts to expand the utilization of Japanese wood, we cooperate with a network of forest owners' cooperatives nationwide to promote education by using wood products in events sponsored by government, schools, etc., nationwide. We also participate in activities to donate wood products.

From the Front Lines



Fukuoka Branch
TOGO Eri

The forestry industry requires a long business cycle from planting to logging in the span of about 50 years. Forest owners' cooperatives support the forestry industry through forest maintenance and other operations from a long-term perspective.

The Fukuoka Branch yearly provides all forest owners' cooperatives in Fukuoka Prefecture with managerial advice from a medium- to long-term perspective and in collaboration with the prefectural government and the prefectural federation of forestry cooperatives. Our financial analysis using data from all the prefectures in Kyushu has a high reputation for its ease of comparison between the prefectures and is utilized as a tool for recognizing and sharing managerial status on a prefectural basis.

The Medium/Long-Term Goals FY2030 set out by the Bank include "Increase the absorption of CO₂ via forests, together with JForest members" and "Increase the income of farmers, fishermen and foresters." Amid the progress of global warming, the role of forests as a source of CO₂ absorption is attracting attention with expectations for forest owners' cooperatives growing year by year. In the coming years, we will offer support for forest credit initiatives, thereby contributing to the carbon neutrality of our investees and borrowers. By promoting forest maintenance and issuing and selling forest credits, we will also strive to increase the income of forest owners.

Topics

Contributing to the Realization of a Sustainable Society Through Wood Utilization

The fulfillment of forests' multiple functions, appropriate maintenance and effective utilization of logged forests are pressing issues.

The Bank has joined the Japan Wood Design Association (JWDA)* in an aim to facilitate the use of domestic lumber and realize a sustainable society by utilizing forest resources.

*Established in December 2021, the Japan Wood Design Association refers to efforts aimed at solving social issues using wood as "wood design," and aims to contribute broadly to society through efforts to turn the forest industry into a growth industry, revitalize local communities and realize a sustainable society including decarbonization.



Ceremony to commemorate the establishment of the JWDA

Low-Cost Forest Replanting Project to Shorten the Replanting Cycle and Reduce Costs

The main points of the Low-Cost Forest Replanting Project are 1) using fast-growing trees, 2) using large-container nursery trees and 3) less dense planting. Demonstration experiments have been started at three sites in Japan— JForest Neba Village in Nagano Prefecture, JForest Miyoshi Regional in Hiroshima Prefecture and JForest Miyakonojo in Miyazaki Prefecture. Results obtained from these will be extended nationwide, and we will encourage replanting after major logging.

Points	Description
① Using fast-growing trees	The tree species that grow faster than cedar and cypress (China fir, for this project) Used to shorten the replanting cycle from 50 to 30 years.
② Using large-container nursery trees	Large-container nursery trees are used to integrate cutting and replanting operations, thereby eliminating the need for creating a foundation and reducing the frequency of weeding operations. The period of operations was shortened from 3–4 years to several months.
③ Less dense planting	Generally, the number of trees planted per hectare is 3,000. The project reduced the density of planting to 1,500 trees per hectare, eliminating the need for thinning operations. Number of trees planted was halved: 3,000 trees/ha → 1,500 trees/ha for the project



Containerized seedlings

Forestry Safety Education 360 Degree VR that Improves the Labor Safety of Forestry

The Bank expanded the lineup of "forestry labor safety improvement measures" in fiscal 2020 by introducing the "Forestry Safety Education 360 Degree VR: Chainsaw Cutting Operation."

In fiscal 2021, we additionally produced two educational videos "Disposing of Hanging Trees" and "Chainsaw Kickback" reflecting feedback from viewers.



Images of VR

