Wallpaper use in Japan, including paper, cloth and other artificial materials, can be estimated from the total production of the country's wallpaper industry. Based on these figures, the breakdown of the type of materials used in wall finishing can be estimated (see Table 21).

Based on the foregoing assumptions, the demand for panelling is estimated to have risen from a low of 4 million m^2 in 1984 to a current high of 6 million m^2.

Table 21

Estimated Wall-Finishing Production by Material (million m^2)

Year	Wallpaper	Wood Panel	Non-Finished	Total
1982	291	5	150	446
1983	304	4	120	428
1984	329	4	109	442
1985	365	5	80	450
1986	407	5	60	472
1987	472	5	66	543
1988	510	6	64	580
1989	564	6	62	496

Source: KF International.

Covering walls with wooden panels is not a standard practice in Japan. Interior decorators find it difficult to co-ordinate designs as even light colour wood panels tend to dominate the overall tone of a room.

In Japan, the only common interior wall panels are *koshiita*.

The demand for wall panels in Japan principally stems from restaurants and boutiques, as well as western-type houses with dens or studies; rooms that are virtually non-existent in Japanese-style homes.

Also important contributors to panelling consumption are conference rooms, executive offices and waiting rooms.

Supply Trends

Although there are no clear statistics on which to estimate production volume or market size by materials used, it is generally understood that the principal materials used for interior wall panelling are plywood and particle-board veneers.

Every major plywood and building component manufacturer in Japan offers a line of interior wood panels. There are no significant leaders in the industry in terms of market share.

There are no significant developments with respect to interior panels, but the recent increase in commercial building starts over housing starts is expected to stimulate the growth of the panelling market.

Imports

There are no published data on panelling imports. Assuming that imports are proportional to imports of flooring (approximately 1 per cent), they are probably in the range of 60 000 to 100 000 m^2.

Several Japanese importers are currently importing panels from Canada. Prominent brands include Osterman and Canadian Wood Peeling.

Canadian panels largely consist of softwood including red cedar, spruce, hemlock, douglas fir, pine and ash. Though hardwood panelling is also imported, it is not as popular as its softwood counterparts.

Among the imported panels, Canadian Peeling's hemlock panels are enjoying satisfactory sales in Japan. Santa Tsusho, a leading importer, claims that hemlock is soft and susceptible to dents and warping. However, the company has not yet been faced with complaints from users.

Standards and Regulations

Both building codes and fire regulations limit the use of wall materials. As a fire-preventative measure, the use of wooden wall panels is prohibited in public buildings such as theatres, hospitals, department stores and schools. However, gymnasiums not exceeding certain space limitations are allowed the use of wooden wall panels. The limitations are:

- three storeys or more with floor space of 500 m^2 and above;