

## **Country Report for the 77th ICAC Plenary Meeting**

Japan Spinners' Association

The Japan Cotton Traders' Association

On behalf of both sectors of Spinners and Cotton Traders in Japan, we will make a summary report of the Japanese cotton industries' current situation and propose some changes as a cotton consuming country to cotton producing countries.

### **1. Recent Situation of Japanese Cotton Industry**

Although the Japanese economy continues a moderate recovery, private consumption of textiles and other consumer-goods has been on a downward trend due to the decreasing and advancing age of population.

In 2017, the production of the cotton yarn was 33.2 thousand tons in Japan and the imports of cotton goods into Japan reached 554.1 thousand tons (cotton yarn, fabric and made-up goods). This means that total 587.3 thousand tons of cotton goods (in yarn volume equivalent) were supplied to the Japanese market with a vast majority consumed at home.

The domestic spinning capacity of all the types decreased by 0.3% from 889 thousand spindles in 2016 to 886 thousand spindles in 2017. Japanese spinners continue relocating their spinning capacity to overseas joint-venture textile mills. At this time a total of 836 thousand spindles are estimated to operate in joint-venture mills that include 400 thousand spindles in Indonesia, 125 thousand spindles in Thailand and 189 thousand spindles in Brazil.

Japan's imports of raw cotton decreased by 12.7% from 63.6 thousand tons in 2016 to 55.5 thousand tons in 2017. In 2016, United States accounted for 46.7% of Japan's total imports of cotton. Australia and Brazil also occupied 23.6% and 7.5% respectively. The share of those three countries accounted for 77.8% of Japan's total cotton imports.

### **2. Proposals to Cotton Producing Countries**

#### **(1) Prevention of Foreign Matters in Cotton**

In recent seasons, the foreign matter contamination has been rapidly increasing in some cotton growths and causing troubles to many Japanese spinning mills. Especially fragments of the yellow plastic film are increasingly found from the cotton shipped from some

producing countries. The yellow plastic films apparently come from “round module wraps” which has been implemented in some advanced producing countries in recent years. We believe that the immediate action is required to be taken to address this new problem.

Meanwhile, in cotton consuming countries, considerable investment has been made for introducing foreign matter detector in spinning process as well as great labor is spent on discovery of the foreign matter mixed in unprocessed cotton in order to prevent the trouble by the foreign matter. In spite of those efforts in consuming countries, the foreign matter contamination cannot be completely prevented.

The large amount of expenses incurred for the control of the foreign matter is reducing the price competitiveness of cotton and shifting the fiber usage to other materials such as synthetic fiber.

To regain the cotton market share, more intensive measures are required to prevent the foreign matter mix by cotton producing countries.

## **(2) Supply of High Spinnability Cotton**

To produce desirable and trouble-free yarns, we spinners require that cotton is free from contamination problems including neps, stickiness and extraneous matter including seed coat fragment and bark. We would like the cotton producing countries to share our values and supply us high spinnability cotton.

## **(3) Traceability of Cotton**

With the increasing awareness by the consumers of environmental and health issues, as with food etc., the cotton supplier is requested to provide additional information about production and processing.

When and if the trouble about quality or contamination should occur, we need to have access to the place of production of such cotton with problem, to be able to investigate the cause, and to implement a measure to prevent this from happening again. We believe that it is important and necessary to keep the traceability and to secure the sustainability through the whole cotton supply chain, and keep our customers and consumers well-informed of their origin of purchase.

We suggest that all producing countries establish a system like the Permanent Bale Identification (PBI) used for U.S. Cotton, which makes it possible to obtain all the necessary information including the original producer for every bale of cotton.

## **(4) ELS cotton Supply to remain Steady and with Sufficient Volume**

The consumption for Extra Long Staple (ELS) cotton has been increasing in producing

countries in recent years, however the production level is trending down, as a result the supply available to the export market is reduced, with the price remaining firm.

Although ELS cotton primary is used in Fine Count Yarn to make high quality products, its market is expanding into markets for premium denim, towels or other various products. Also, the demand of ELS cotton in developing and emerging economies, where few ELS cotton was consumed in the past, is rapidly increasing. ELS cotton are produced in quite few countries including Egypt and U.S. and we do not believe that the present production level can fully satisfy the potential world demand.

It is expected that the demand and consumption for these quality products using ELS cotton will continue to grow. We, as one of ELS consuming countries, strongly request that the world ELS cotton production should be increased to meet the world demand.

#### **(5) Excellent Sustainability of Cotton**

The price of cotton is highly volatile compared with other fiber materials. Although quantity-wise cotton consumption may have been increasing, the share of the cotton in the total fiber consumption has been reducing remarkably over the years, losing to synthetic fiber including polyester.

Cotton is an excellent fiber for sustainability compared with others, and we believe that the value of cotton will be highly recognized as the global environment becomes more severe in the future. In order to regain the share of cotton it is important that we should educate the users on the advantages of cotton.

#### **(6) Keeping Delivery Schedule**

Some shipments of cotton crop had a long delay last season, resulting in production disruptions in spinning mills. As we all know, the delivery schedule is one of the most important contract terms to fulfill conscientiously. We hope that the shipper should recognize the importance and keep the contracted delivery schedule for the cotton trade.

Thank you very much.

**Table 1 Spinning Capacity and Yarn Production in Japan**

	Spinning Capacity (1,000Spds)			Yarn Production (1,000 Metric Tons)				
	Cotton Type	Others		Cotton Yarn	Rayon Yarn	Synthetic Fiber Yarn	Others	
2008	1,347	320	1,667	65.8	8.8	52.7	14.2	141.6
2009	1,168	288	1,456	47.0	6.3	34.9	9.1	97.3
2010	996	276	1,272	45.0	7.0	34.9	10.1	97.0
2011	N/A	N/A	1,176	43.0	7.3	35.7	1.2	96.6
2012	N/A	N/A	1,146	37.6	6.5	32.8	11.1	88.0
2013	N/A	N/A	1,070	36.9	5.5	29.3	11.1	82.8
2014	N/A	N/A	1,050	37.4	4.6	29.4	10.4	81.7
2015	N/A	N/A	932	36.6	3.9	27.3	10.7	78.5
2016	N/A	N/A	889	34.2	3.4	26.0	9.4	73.0
2017	N/A	N/A	886	33.2	3.4	25.2	8.3	70.1

Source : Ministry of Economy, Trade and Industry

**Table 2 Japan's Imports of Cotton Yarn, Cotton Fabrics And Cotton Made-Up Goods**

Unit : 1,000 Metric Tons (Million Sq. Meter)

	Cotton Yarn				Cotton Fabrics				Cotton Made-Up Goods		
		Pakistan	Indonesia	China			China		China	Vietnam	
2008	67.9	20.4	12.3	12.9	57.0 (394.0)	40.4 (298.9)	644.8	667.3	27.3		
2009	47.6	16.6	11.2	6.6	45.5 (313.3)	30.8 (226.1)	629.5	550.9	34.7		
2010	51.6	11.3	16.2	7.5	47.4 (330.2)	32.5 (240.6)	585.8	501.3	35.7		
2011	63.4	16.5	18.8	7.0	49.3 (326.9)	27.5 (204.3)	533.7	434.6	40.7		
2012	57.7	17.6	19.2	6.0	43.9 (297.9)	25.4 (188.0)	511.4	398.5	43.0		
2013	57.4	11.1	20.6	7.5	43.8 (292.2)	23.1 (175.3)	518.6	385.3	53.7		
2014	63.0	10.7	21.7	7.1	43.7 (290.4)	19.7 (150.4)	482.6	334.7	58.1		
2015	58.3	11.5	19.9	5.6	40.4 (269.9)	17.0 (131.8)	463.7	299.3	64.2		
2016	62.4	11.8	22.2	5.6	40.9 (266.5)	16.1 (124.8)	460.1	281.0	67.4		
2017	56.3	10.5	19.0	5.1	38.7 (255.2)	15.2 (118.9)	489.1	273.1	74.3		

Source : Ministry of Finance

**Table 3 Japan's Raw Cotton Imports by Country**

Unit : Metric Ton

	U.S.A	Australia	Greece	Brazil	Egypt	Others	Total
2008	50,024	26,838	2,108	28,033	1,368	15,014	123,385
2009	25,585	14,801	976	17,174	651	8,070	67,257
2010	33,529	18,874	1,308	14,718	708	4,941	74,078
2011	37,481	19,025	2,891	13,806	1,155	7,012	81,370
2012	21,816	12,969	7,815	12,062	563	5,688	60,913
2013	28,326	13,930	10,729	10,779	688	4,713	69,165
2014	25,588	14,139	9,850	7,354	465	7,208	64,604
2015	28,011	9,731	10,870	8,754	583	8,329	66,278
2016	27,180	13,664	10,730	5,769	167	6,092	63,602
2017	25,904	13,086	7,159	4,135	130	5,080	55,494

Source : Ministry of Finance