

Country Report by Japan

1. General Situation of Japanese Economy

At the beginning of year 2001 Japanese economy continued its slow recovery trend thanks to the relatively handsome export since the previous year. However, in the later half, due to decrease of export caused by US economy slowdown, company profits and equipment investment changed to decrease, and also unemployment rate maintained the worst record. As a result, the real economic growth throughout 2001 was -0.5% with no sign of recovery, which resulted in minus growth after three years

Japanese economy shows deflationary recession with the continuing fall of commodity prices for more than two years.

2. Japanese Spinning Industry in 2001

(1) Number of Spindles

Consumer's preference for low price products was fomented further in the deflationary economy. Consequently, demand for national textile products, which had a higher price zone than imported ones did, was very inactive. As a result, Japanese spinning industry was forced to make further downsizing.

The number of cotton-type spindles installed in Japan continuously decreased by approximately 8% to 2.75 million at the end of year 2001 comparing to the previous year. The decrease of equipment is still continuing although its rate went slow. On the other hand, the Japanese spinning industry was proceeding its globalization by transferring production lines overseas in such countries as China, Thailand, Indonesia and Brazil, where the industry was estimated to possess almost the same level of equipment scale as it did in Japan.

(2) Supply and Demand of Cotton Products

On the supply side, the production of spun yarns in 2001 decreased by approximately 12% to 139 thousand tons, and the production of cotton made-up goods decreased by 9% to 600 million square meters.

Imports of cotton yarn and cotton fabric decreased by 10% and 11% respectively owing to the downsizing of production scale in Japan, while those of cotton made-up goods increased by 8.1% to 627 thousands tons exceeding those of the previous year in which they hit the highest record.

On the other hand, regarding the domestic demand of cotton products in 2001, individual consumption suffered from low income growth as well as a high unemployment rate. So, on the whole, clothing expenses per household in 2001 decreased by 2.2%, which meant ten years consecutive minus growth. Clothing sales in large-scale retailers were also down by 3.6% from the previous year due to the weak demand and the lower sales prices.

Regarding exports, while cotton fabric decreased by 1%, cotton yarn and cotton made-up goods increased by 8% and 31% respectively, comparing to the previous year. This was caused by increase of material export with expansion of re-import after processing abroad, in addition to depreciation of yen, which boosted export of cotton made-up goods.

In the aforementioned situation on supply and demand, cotton-product stock at the end of 2001 reduced by 8% to 107 thousand tons comparing to the end of year 2000.

3. Cotton Imports and Consumption in Japan

(1) Imports

Imports of raw cotton in 2001 decreased by 13% to 240 thousand tons comparing to the previous year. In details, imports from Australia increased by 6% to 136 thousand tons, which represented 57% of the entire cotton imports, and Australia had been the top exporter by country origin in three consecutive years. On the contrary, imports from the US decreased by 18% to 78 thousand tons, and the US shared down 33% from 35% in the previous year.

Regarding extra-long staple cotton, imports from Egypt decreased by 21%, while those from

Sudan decreased by 50% comparing to the previous year.

(2) Consumption

The cotton consumption for all uses declined by 13% to 171 thousand tons. Also, the cotton stock at the end of 2001 decreased by 4% to 43 thousand tons comparing to the end of year 2000.

4. Consumption of Raw Materials in the Japanese Spinning Industry

With regard to the consumption of raw materials in the spinning industry in 2001, consumption of raw cotton, cotton waste materials, rayon staple fiber, synthetic fiber, and reused wool decreased without exception so that the total consumption of these fibers decreased by 15% to 306 thousand tons.

However, share of each fiber in the overall consumption had changed: cotton and rayon increased to 55.6% and 7.8% respectively, while synthetic fiber decreased to 34.0%.

5. Outlook for Cotton Consumption and Imports in 2002

Regarding outlook for cotton consumption and imports in 2002, demand for cotton products in Japan will be relatively handsome, while equipment scale and working capacity will decrease. Therefore, consumption of cotton for all uses in Japan in 2002 is estimated to decrease further by 5% to 163 thousand tons. Also, imports of raw cotton in 2002 are estimated to decrease by 5% to 230 thousand tons.

Table 1
Imports, Consumption and Stocks of Raw Cotton

(unit: thousand tons)

	Imports	Consumption(*)	Stocks
1995	348	354	70
1996	323	325	69
1997	293	307	55
1998	303	300	58
1999	268	273	53
2000	275	283	45
2001	240	242	43

(*): correcting figure
cotton: not carded or combed

(source) Ministry of Finance
Ministry of Economy Trade and Industry

Table 2
Imports of Raw Cotton by Country Origin

(unit: tons)

	1997	1998	1999	2000	2001
U.S.A.	138,905	141,724	87,296	95,857	78,158
Mexico	9,023	7,096	7,096	6,459	4,419
Guatemala	-	-	-	-	-
Nicaragua	-	-	-	-	-
Brazil	-	-	-	-	-
Peru	1,377	179	510	395	77
India	19,627	7,342	8,290	8,014	5,255
Pakistan	3,648	3,162	441	2,471	215
Syria	2,234	4,904	10,145	12,246	2,033
China	1,091	1,297	2,557	4,106	2,744
Former USSR	(*) 8,691	(**)3,014	(**) 5,264	(**) 5,956	(**) 523
Egypt	4,376	5,871	4,124	4,421	3,514
Sudan	1,788	1,710	1,036	1,203	599
Cote d' Ivoire	984	120	59	40	60
Chad	1,100	1,890	1,729	873	512
Zimbabwe	2,650	3,297	2,947	2,216	3,008
Australia	90,344	114,795	130,447	128,640	135,693
Others	7,117	6,608	4,143	2,845	2,864
Total	292,955	303,009	268,286	375,050	239,674

(*): includes Russia, Ukraine, Uzbekistan, Kazakhstan, Azerbaijan, Tadzhikistan,
and Turkmenistan

(**): Uzbekistan

(source): Ministry of Finance

Table 3
Consumption of Raw Materials for Spinning

(unit: tons)

	1997	1998	1999	2000	2001
Raw Cotton	222,641	208,673	208,505	194,428	170,115
Waste Cotton	21,598	18,651	15,595	13,394	7,902
Rayon Staple Fiber	51,532	40,799	31,462	28,688	23,822
of which Viscose	47,802	38,517	28,898	25,320	21,849
Synthetic Fiber	181,515	147,495	133,979	125,007	104,054
of which Polyester	84,391	68,553	61,887	59,986	50,602
of which Nylon	2,725	2,300	2,553	2,827	2,406
of which Acrylic	81,415	65,440	58,757	51,662	41,939
of which Vinylong	8,291	7,392	6,950	7,001	5,695
of which others	4,693	3,810	3,832	3,531	3,412
Grand Total	477,286	415,618	389,541	361,517	305,893

(source): Ministry of Economy Trade and Industry

Table 4
Production of Yarns

(unit: thousand tons)

	1997	1998	1999	2000	2001
Spun Yarn					
Cotton Yarn	184 (14)	173 (15)	171 (15)	159 (15)	139 (14)
Rayon Stable Fiber	43 (3)	33 (3)	25 (2)	22 (2)	20 (2)
Synthetic Yarn	214 (16)	177 (15)	159 (14)	146 (13)	122 (12)
Others	64 (5)	48 (4)	46 (4)	38 (3)	31 (3)
Total	505 (38)	431 (36)	401 (35)	365 (34)	312 (31)
Filament Yarn					
Synthetic Filament	736 (56)	683 (64)	664 (58)	669 (61)	640 (64)
Rayon Yarn	73 (6)	68 (6)	58 (5)	54 (5)	41 (4)
Raw Silk	2 (-)	1 (-)	1 (-)	1 (-)	1 (-)
Total	811 (62)	752 (64)	742 (65)	724 (66)	682 (69)
Grand Total	1,316(100)	1,183(100)	1,143(100)	1,089(100)	994(100)

Note:

(): Figures indicate the percentage of each product in total output.

(source): Ministry of Economy Trade and Industry