

Country Report for the 82nd ICAC Plenary Meeting

(Tashkent, Uzbekistan–September 2024)

Japan Spinners' Association

The Japan Cotton Traders' Association

On behalf of both sectors of Spinners and Cotton Traders in Japan, the following is a summary report of the Japanese cotton industries' current situation and proposals to the industry as a cotton consuming country.

1. Recent Situation of Japanese Cotton Industry

Although the Japanese economy continues a moderate recovery from slowdown, domestic consumption shows signs of difficulty due to uncertain global economic outlook resulting from continued high interest levels in United States and Europe, and the lingering stagnation of the real estate market in China.

In 2023, Japan's production of the cotton yarn was 20.8 thousand tons and the imports of cotton goods into Japan reached 363.0 thousand tons (cotton yarn, fabric and made-up goods), totaling 383.9 thousand tons of cotton goods (in yarn volume equivalent) were supplied to the Japanese market. A vast majority of these cotton yarn, fabric and goods were consumed in Japan.

The domestic spinning capacity of all the types decreased by 12.4% from 718 thousand spindles in 2022 to 629 thousand spindles in 2023. Japanese spinners have been relocating their spinning capacity overseas the past several years. Currently a total of 694 thousand spindles are estimated to operate in joint-venture textile mills that include 380 thousand spindles in Indonesia, 74 thousand spindles in Thailand and 121 thousand spindles in Brazil.

Japan's imports of raw cotton decreased by 34% from 43.6 thousand tons in 2022 to 28.6 thousand tons in 2023. In 2023, United States accounted for 50.4% of Japan's total cotton imports. Australia and Brazil shared in total imports for 21.0% and 7.9% respectively. The share of these top three countries accounted for 79.3% of Japan's total cotton imports.

2. Proposals to Cotton Producing Countries

(1) Prevention of Foreign Matters in Cotton

After repeated request, there has not been any significant improvement of foreign matter contamination in cotton and continues to be a grave and serious problem to the spinners.

In recent seasons, there have been numerous reports that colored plastic films, undoubtedly coming from “round module wraps” used in certain producing countries are mixed into cotton. All these cause troubles to spinning mills.

Cotton consuming countries have made considerable investments installing foreign matter detectors in the spinning process as well as spending a great amount of money on labor to discover foreign matter mixed in unprocessed cotton to prevent the quality issues created by foreign matter. Despite these efforts of consuming countries, the foreign matter contamination cannot be completely prevented.

We believe plastic film contamination can be avoided if Round Modules are properly handled following the industry guidelines.

We would like the producing countries to fully understand the situation of the consuming countries and request maximum efforts and measures are implemented to prevent the foreign matter mix of any kind.

(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 all 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

In recent years, corporate social responsibility has been increasingly challenged, and it has become mandatory for companies to take care not to violate their social responsibilities in the process of manufacturing and distributing raw materials used. Spinners must ensure that the raw cotton they use does not violate their social responsibilities in the process of production and distribution. 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.

(4) Stable supply of Extra Long Staple (ELS) cotton

The supply of Extra Long Staple (ELS) cotton is unstable and prices are volatile. We, cotton-consuming countries, strongly hope for a stable supply and price of specialty cotton.

(5) Excellent Sustainability of Cotton

In recent years, there has been a movement around the world to regulate the manufacture and distribution of textile products based on environmental impact assessments of textile products. However, due to a lack of awareness of cotton's environmental

impacts, many of them do not properly assess the positive environmental impacts of cotton, such as its ability to absorb and retain greenhouse gases, renewables, recyclability, and biodegradability.

We believe that the producing and consuming countries of cotton need to work together to make a strong promotion for the benefits of cotton to the world so that it can be appreciated.

(6) Compliance with delivery terms

The delivery schedule is one of the most important contract terms to fulfill conscientiously. Any delay, inaccuracy or failure thereof could result in production disruptions in spinning mills.

We hope that the shipper recognizes the importance of the contracted delivery schedule for the cotton trade and to make shipments within contract terms.

In addition, recently, wet cotton bales presumed to be country damage have arrived in Japan. Wet raw cotton greatly reduces its spinnability, so we would like you to pay close attention to prevent such problems.

Thank you very much.

Table 1 Spinning Capacity and Yarn Production in Japan

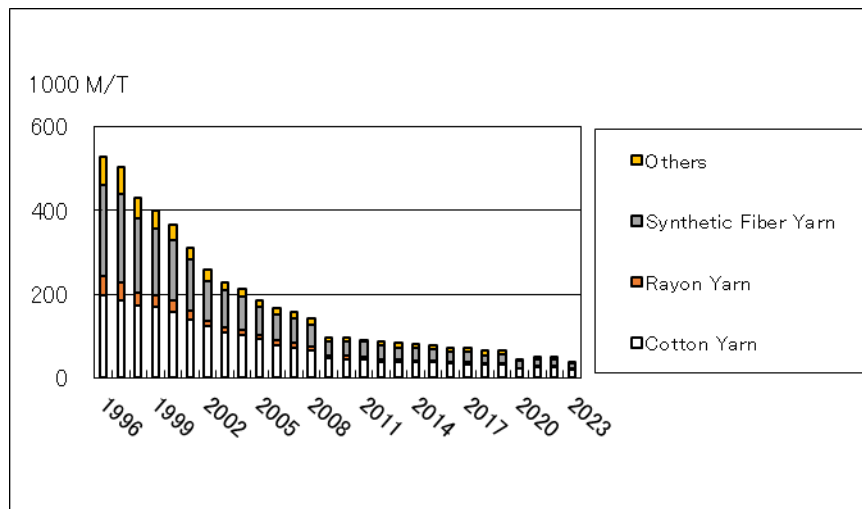


Table 1 Spinning Capacity and Yarn Production in Japan

	Spinning Capacity (1,000Spds)			Yarn Production (1,000 Metric Tons)				
	Cotton	Type	Others	Cotton Yarn	Rayon Yarn	Synthetic Fiber yarn	Others	
2014	N/A	N/A	N/A	37.4	4.6	29.4	10.4	81.7
2015	N/A	N/A	N/A	36.6	3.9	27.3	10.7	78.5
2016	N/A	N/A	N/A	34.2	3.4	26.0	9.4	73.0
2017	N/A	N/A	N/A	33.2	3.4	25.2	8.2	70.1
2018	N/A	N/A	N/A	31.9	3.4	23.6	7.7	66.5
2019	N/A	N/A	N/A	31.1	3.0	22.1	7.8	64.0
2020	N/A	N/A	N/A	21.3	2.0	16.1	5.9	45.3
2021	N/A	N/A	N/A	26.4	1.4	17.3	5.5	50.6
2022	N/A	N/A	N/A	26.5	1.2	16.5	5.0	52.6
2023	N/A	N/A	N/A	20.8	1.1	12.1	3.9	37.9

Source : Ministry of Economy, Trade and Industry

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

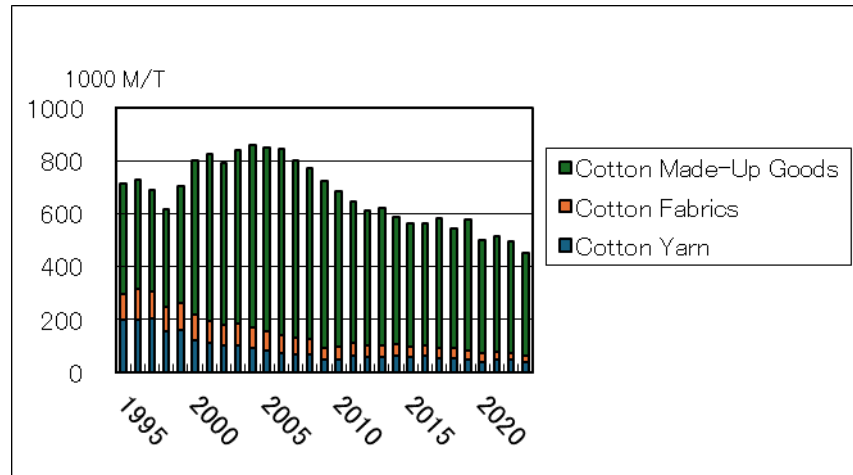


Table 2 Japan's Imports of Cotton Yarn, Cotton Fabrics And Cotton Made-Up Goods

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

	Cotton Yarn				Cotton Fabrics				Cotton Made-Up Goods		
		Pakistan	Indonesia	China			China		China	Vietnam	
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
2018	55.7	12.7	17.7	4.8	37.7	(250.4)	14.2	(111.8)	450.8	245.2	85.7
2019	49.7	8.9	15.3	4.3	34.0	(223.9)	11.3	(89.0)	491.6	251.1	101.1
2020	39.6	7.4	11.1	3.2	32.5	(226.6)	13.1	(107.3)	427.2	218.5	84.6
2021	47.8	8.9	14.3	3.7	28.4	(188.5)	10.3	(80.4)	436.9	223.6	80.8
2022	47.3	10.3	12.7	3.6	26.0	(170.9)	9.6	(74.8)	423.2	201.7	91.7
2023	39.8	8.1	11.0	2.5	23.4	(156.0)	4.6	(66.2)	386.9	175.3	90.9

Source : Ministry of Finance

Table 3 Japan's Raw Cotton Imports by Country

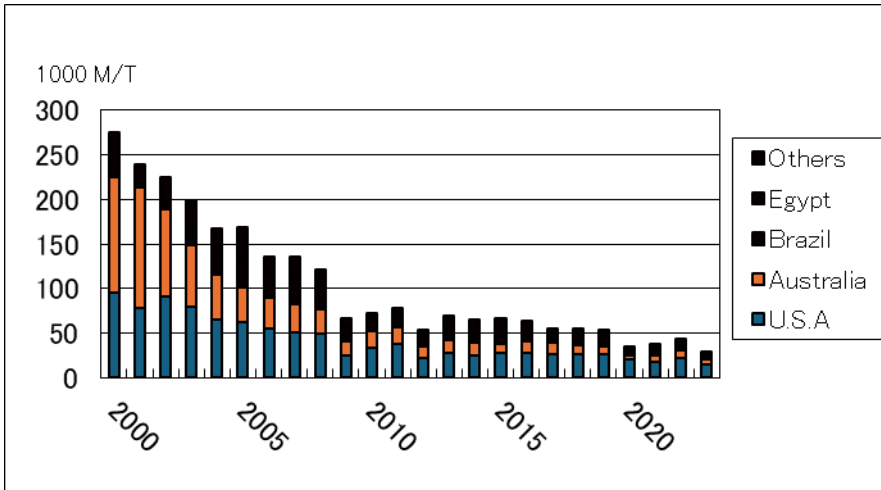


Table 3 Japan's Raw Cotton Imports by Country

Unit : Metric Ton

	U.S.A	Australia	Greece	Brazil	Egypt	Others	Total
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
2018	25,824	10,582	8,199	5,527	224	5,078	55,433
2019	27,042	8,327	6,742	5,565	283	5,500	53,459
2020	20,372	4,226	3,706	3,044	150	3,460	34,958
2021	18,188	6,075	6,087	3,609	75	4,342	38,376
2022	21,693	8,854	5,322	3,653	96	3,998	43,616
2023	14,414	5,997	2,081	2,262	57	3,782	28,593

Source : Ministry of Finance