Country Report for the 78th ICAC Plenary Meeting

(Brisbane Australia-December 2019)

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, domestic consumption shows signs of difficulty due to uncertain global economic outlook resulting from on-going trade disputes.

In 2018, Japan's production of the cotton yarn was 31.9 thousand tons and the imports of cotton goods into Japan reached 519.6 thousand tons (cotton yarn, fabric and made-up goods), totaling 551.5 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 at home.

The domestic spinning capacity of all the types decreased by 4.0% from 886 thousand spindles in 2017 to 851 thousand spindles in 2018. Japanese spinners have been relocating their spinning capacity overseas the past several years. Currently a total of 836 thousand spindles are estimated to operate in joint-venture textile 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 slightly from 55.5 thousand tons in 2017 to 55.4 thousand tons in 2018. In 2018, United States accounted for 46.6% of Japan's total cotton imports. Australia and Greek imported 19.1% and 14.8% respectively. The share of these three countries accounted for 80.5% 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” and plastic fragments of the “PET straps” used for bale banding in certain producing countries are mixed into cotton. All these cause troubles to spinning mills as well as the pre-existing “stickiness” issue that is occurring frequently.
We believe plastic film contamination can be avoided if Round Modules are properly handled using industry guidelines. PET straps fragments can be avoided if at the time of joining PET straps the heat level is properly controlled at the binding/welding point.
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 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

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 origin of cotton production and supply chain to assist with the investigation of the cause, and to implement procedures 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

Extra Long Staple (ELS) cotton accounts for a limited and marginal amount of the total world cotton production. Any change of large decrease in supply in the producing countries and/or abrupt increase in demand in the consuming countries could cause uneasiness and anxiety in the supply-demand equilibrium.

As a constant consumer of ELS cotton we strongly wish for the situation where more countries grow ELS cotton to provide a stable and consistent long-term supply.

(5) Excellent Sustainability of Cotton

The problem of ocean pollution caused by plastic waste is a matter of global concern and poses a global threat to our environment. Without question, cotton is biodegradable, excellent fiber for sustainability and friendly to the environment. We firmly believe that the value of cotton will be highly recognized as the global environment becomes more severe in the future.

We believe it necessary to make a strong and repeated appeal to the end-users to gain their awareness of the environmentally good points of cotton. This is an important challenge for the world cotton industry to address seriously.

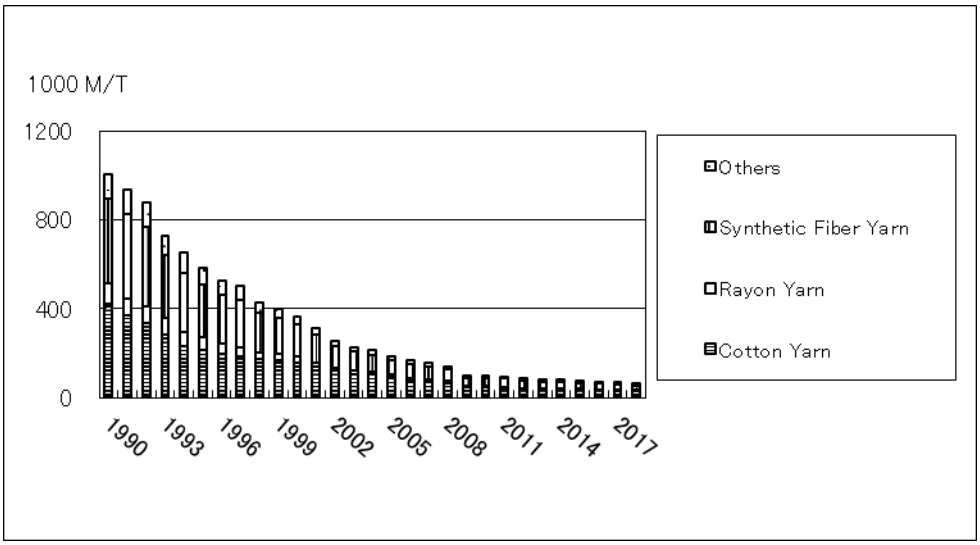
(6) Keeping Delivery Schedule

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.

Thank you very much.

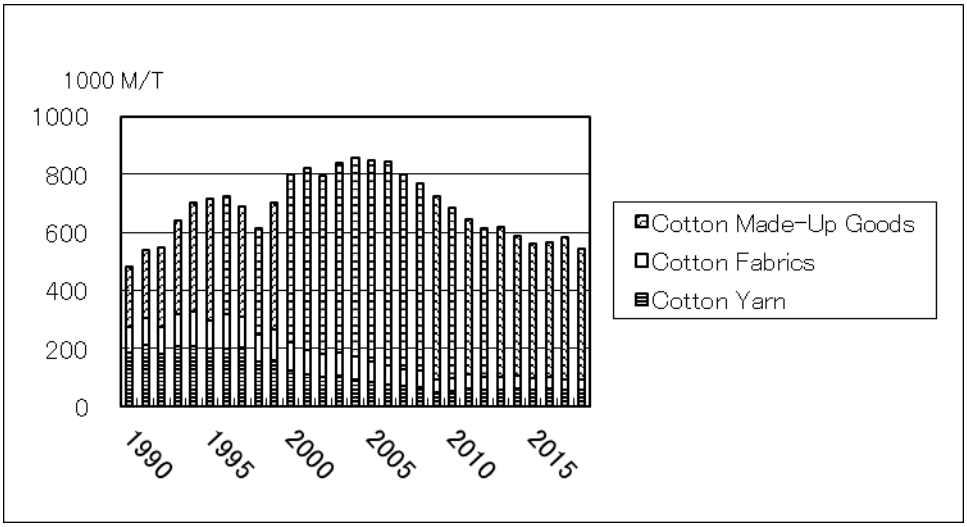
Table 1 Spinning Capacity and Yarn Production in Japan



	Spinning Capacity (1,000Spds)			Yarn Production (1,000 Metric Tons)				
	Cotton Type	Others		Cotton Yarn	Rayon Yarn	Synthetic Fiber Yarn	Others	
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
2018	N/A	N/A	851	31.9	3.4	17.9	13.4	66.5

Source : Ministry of Economy, Trade and Industry

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

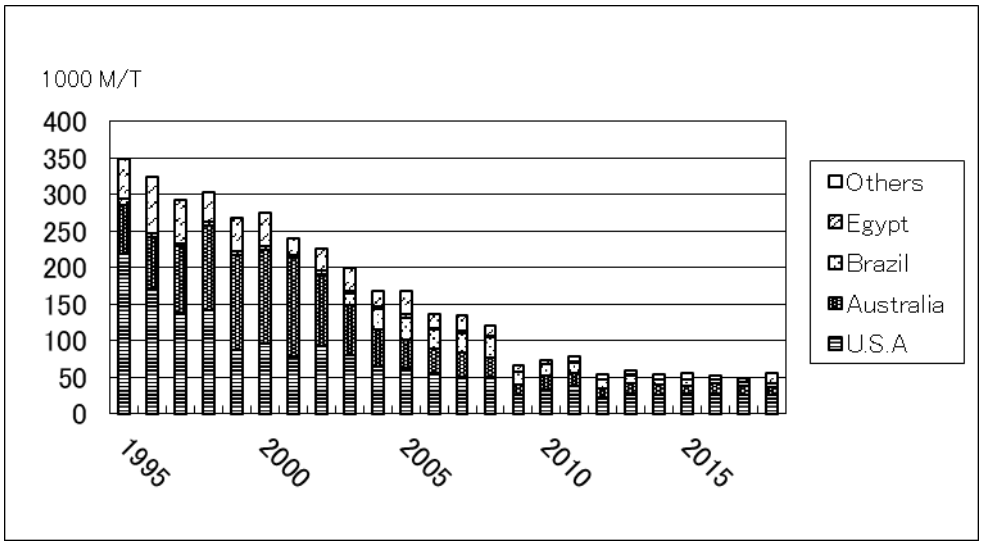


Unit : 1,000 Metric Tons　(Million Sq. Meter)

	Cotton Yarn				Cotton Fabrics				Cotton Made-Up Goods		
		Pakistan	Indonesia	China			China			China	Vietnam
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
2018	55.7	12.7	17.7	4.8	37.7	(250.4)	14.2	(111.8)	450.8	245.2	85.7

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
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
2018	25,824	10,582	7,159	5,527	224	5,078	55,433

Source : Ministry of Finance