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Japan

Cotton

Update - Revised

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The U.S. lost its No. 1 market share in Japan against Australia for the first time in MY 1998/99. This was mainly the result of the weather-related short supply of SJV cotton which resulted in a large shift to Australian cotton. Moreover, this shift is expected to remain in MY 1999/00 as Australian cotton has become more competitive in quality and price, according to the Japan spinning industry. The spinning industry in Japan continues to slow down as the entire textile market remains sluggish.

Includes PSD changes: Yes
Includes Trade Matrix: Yes

Executive Summary

Total imports of raw cotton in MY 1998/99 ended at 275,000 metric tons, 6 percent smaller than the previous year. The sluggish Japanese economy has continued to dampen the performance of the entire textile market. The consumption of raw cotton in MY 1999/00 is forecasted to decrease further to approximately 260,000 metric tons, 5 percent smaller than MY 1998/99 level as major spinning companies have closed several factories. The importation of raw cotton in MY 1999/00 is expected to be about 260,000 metric tons, roughly the same level as the consumption.

Imports of U.S. raw cotton in MY 1998/99 were 92,909 metric tons, the lowest level ever, resulting in the United States losing its No. 1 market share to Australia for the first time. This was mainly due to the weather-related short supply of SJV cotton, resulting in a large shift to Australian cotton. Moreover, the shift to Australian sourced cotton is expected to remain in MY 1999/00 as Australian cotton has become more competitive in both quality and price, according to the Japan spinning industry. Imports of U.S. raw cotton in MY 1999/00 are expected to be around 90,000 metric tons, while imports of Australian cotton are expected to reach 120,000 metric tons.

Although the importation of raw cotton into Japan has dramatically decreased in the past 10 years, many Japanese spinning companies are operating overseas factories in other less costly Asian countries while their corporate headquarters and purchasing decisions remain in Japan. Better satisfying the needs of the Japanese spinning industry might help to expand U.S. export sales into other Asian countries in addition to Japan. Environmental concerns, such as the disposal of industry waste, are becoming big issues for the Japanese industry. With respect to the way U.S. cotton is packaged for export, Japanese spinners have criticized the use of polypropylene which is used to wrap the cotton bales. Disposal is costly and complicated and when this packaging material is burned, it produces dioxin which has become a major environmental problem. And, according to industry sources, the polypropylene packaging also causes a serious problem of fiber contamination. Australia, for example, uses jute and China uses cotton cloth for cotton bale packaging instead of polypropylene. According to Japan industry contacts, using cotton cloth is the best method since it solves both problems.

PSD Table						
Country	Japan					
Commodity	Cotton					
	(HECTARES)(MT)					
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		08/1998		08/1999		08/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	62705	62000	70979	63000	70979	63000
Production	0	0	0	0	0	0
Imports	274989	275000	272158	260000	0	250000
TOTAL SUPPLY	337694	337000	343137	323000	70979	313000
Exports	0	0	0	0	0	0
USE Dom. Consumption	266715	274000	272158	260000	0	250000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	266715	274000	272158	260000	0	250000
Ending Stocks	70979	63000	70979	63000	0	63000
TOTAL DISTRIBUTION	337694	337000	343137	323000	0	313000

Import Trade Matrix			
Country	Japan		
Commodity	Cotton		
Time period	August-July	Units:	Metric Tons
Imports for:	1998		1999
U.S.	92,909	U.S.	90,000
Others		Others	
Australia	129,012	Australia	120,000
Syria	10,712		
Mexico	9,046		
India	7,653		
Uzbekistan	6,195		
Zimbabwe	3,499		
Argentina	3,430		
Egypt	3,358		
Total for Others	172905		120000
Others not Listed	9,183		50,000
Grand Total	274997		260000