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Japan

Cotton and Products

Annual

2001

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Report Highlights:

The Japanese consumption of raw cotton continues its decline as a result of increasing imports of finished products from China. Raw cotton imports are expected to decrease further in MY 2001/02 with a similar distribution of market share as in MY 2000/01.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Osaka ATO [JA3], JA

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Section I. Situation and Outlook

Total imports of raw cotton into Japan in MY 2000/01 are estimated to be 250,000 metric tons, 10 percent lower than the previous year. The combined imports from U.S. and Australia in MY 2000/01 are estimated to occupy around 88 percent of total imports with 36 percent from the U.S. and 52 percent from Australia. The Japanese spinning industry continues to rely on the two countries in their importation of raw cotton due to their stable quality and reliable delivery. The quality of Australian cotton has been improving and now is considered at a level comparable to cotton from the San Joaquin Valley (SJV), but at lower prices, according to the Japanese spinning industry. Many Japanese spinners shifted from the SJV to Australian cotton in MY 1998/99 when the SJV crop was poor due to inclement weather and these spinners stayed with Australian cotton since then because of its improved quality and lower price. Once spinners change the kind of cotton that they use, they like to stay with that type for awhile because of program changes to that particular cotton into their spinning process. Moreover, design changes for finished products based on the yarn made from the new cotton also discourage raw material changes. Therefore, the Australian cotton is expected to continue to occupy the largest market share in MY 2001/02. Total imports of Japanese raw cotton in MY 01/02 are forecasted to be about 240,000 metric tons, a decrease of about 5 percent from MY 00/01. The decline is due to the reduction in domestic manufacturing caused by the increase in the imports of finished products. The imported cotton goods accounted over 90 percent of the total cotton goods supply in Japan in CY 2000, which means less than 10 percent of the market is left for the domestic production.

The U.S. Pima cotton continues to be the most popular type for Extra-Long-Staple (ELS) Cotton and is estimated to account for 18,000 metric tons in MY 00/01 or, about 78 % of total ELS imports. However, no official data is currently available for ELS cotton imports. The numbers are estimated by the U.S. Agricultural Trade Office Osaka according to data collected from the Japan Cotton Traders' Association. The ELS imports in MY 01/02 are estimated to remain at the same level as MY00/01, occupying nearly 10 percent of total Japanese imports of raw cotton.

The sluggish Japanese economy has brought deflation in several different industries including food service, real estate, as well as the retail clothing business. The quality of finished products made in China has improved considerably making the products more and more acceptable to the Japanese market at lower prices. Consequently, inexpensive imported products from China continue to increase in market share. The Japanese company, First Retailing Co., Ltd. for example, continues to increase the number of "Uni-Qlo" shops which specialize in casual clothing, and designing products particularly for the Japanese consumer market, but made in China and brought to their nation-wide outlets in Japan. Japanese imports of finished cotton goods (containing more than 50 % cotton) in CY 2000 increased by 38 percent from the 1999 level and are estimated to increase further in CY2001.

Although domestic consumption of cotton goods grew by 8 percent in CY 2000, domestic production of cotton goods decreased by 7 percent due primarily to a 13 percent increase in imports of cotton goods, especially in the form of finished products. The same pattern is observed in the synthetic fiber goods supply and demand situation. Imports of synthetic fiber in CY 2000 grew by 17 percent from the previous year while domestic production decreased by 8 percent.

The Osaka Price Quotation for 40-count pure cotton yarn was 136.8 yen per pound as of March 2001, the lowest in past decades. Prices for raw cotton from California reported in the Osaka market have ranged between 66 and 78 cents per pound since January 2000. The price of Australian cotton is often 4- 5 cents per pound lower than the SJV Acala, according to the industry.

There is no major change to report in the status of trade barriers for raw cotton. Raw cotton has a zero import duty in Japan. The tariff for cotton yarn (tariff code 52.05) is 2.2% or 15.10 yen per kg whichever is the greater for 100 % cotton. The tariff for cotton fabric (tariff code 52.08) is 5.6 % or 4.4 % + 1.52 yen per square meter which ever is the greater. Tariffs for finished cotton products vary depending upon product, however, the tariffs do not appear to be significant enough to discourage imports. For example, the tariff for one-colored plain T-shirts is currently 8.5%..

No GMO concerns for raw cotton have been observed among the Japanese consumers.

Section II. Statistical Tables

PS & D Table

PSD Table						
Country	Japan					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		08/1999		08/2000		08/2001
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	65536	62700	65536	54000	60093	54000
Production	0	0	0	0	0	0
Imports	278690	278600	244942	250000	0	240000
TOTAL SUPPLY	344226	341300	310478	304000	60093	294000
Exports	0	0	0	0	0	0
USE Dom. Consumption	278690	287300	250386	250000	0	240000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	278690	287300	250386	250000	0	240000
Ending Stocks	65536	54000	60093	54000	0	54000
TOTAL DISTRIBUTION	344226	341300	310479	304000	0	294000

Japanese Cotton Goods Supply and Demand
(1,000 Metric Tons Yarn Equivalent)
Calendar Year

	1998	1999	2000	2001(as of March)
Beginning Stocks	134	127	118	116
Production	174	171	159	37
Imports	619	711	805	222
Total Supply	927	1,009	1,082	375
Exports	63	69	81	21
Domestic Consumption	737	821	885	240
Ending Stocks	127	118	116	114
Total Disappearance	927	1,009	1,082	375

Source: Japan Spinners' Association

Japanese Synthetic Fiber Goods Supply and Demand
(1000 Metric Tons Yarn Equivalent)
Calendar year

	1998	1999	2000
Beginning Stocks	87	83	71
Production	177	159	147
Imports	273	327	383
Total Supply	537	569	601
Export	36	36	36
Domestic Consumption	418	462	495
Ending Stock	83	71	70
Total Disappearance	537	569	601

Source: Japanese Spinners' Association

Japanese Imports of Cotton Finished Goods containing more than 50 percent cotton
 Calendar Year
 Metric Tons

Country of Origin	1998	1999	2000
China	280,223	348,332	481,346
Korea	17,763	20,452	20,474
Vietnam	13,372	14,701	18,631
India	12,464	12,570	14,809
U.S.	9,298	8,983	8,592
Other	35,072	34,128	34,128
Grand Total	368,192	439,166	577,980

Japanese Imports of Cotton Yarn containing more than 50 percent cotton
 Calendar Year
 Metric Tons

Country of Origin	1998	1999	2000
Pakistan	78,241	74,824	59,382
Indonesia	29,044	37,410	26,798
India	15,187	16,935	13,684
China	17,489	17,219	12,283
Korea	6,120	4,779	4,055
Other	8,887	9,472	8,084
Total	154,968	160,639	124,286

Japanese Imports of Cotton fabric containing more than 50 percent cotton
1,000 Square Meter
Calendar Year

Country of Origin	1998	1999	2000
China	516,872	569,138	515,142
Indonesia	52,328	81,137	75,625
Pakistan	30,350	42,979	33,830
Malaysia	17,793	16,707	17,623
Other	32,803	34,337	44,561
Total	650,146	744,298	686,781

Trade Data for Japanese Imports of Raw Cotton by Country
August-July Marketing Year

Import Trade Matrix			
Country	Japan		
Commodity	Cotton		
Time period	August-July	Units:	Metric Tons
Imports for:	1999		2000
U.S.	94,610	U.S.	90000
Others		Others	
Australia	131,607		130000
Syria	10,587		
Mexico	7,830		
India	7,702		
Uzbekistan	6,195		
Egypt	5,274		
China	4,578		
Zimbabwe	2,342		
Chad	1,457		
Sudan	1,110		
Total for Others	178682		0
Others not Listed	5292		30000
Grand Total	278584		120000

Source: Customs and Tariff Bureau, Ministry of Finance
MY 2000 is estimated by the U.S. Agricultural Trade Office, Osaka.

Extra-Long Staple (ELS) Cotton Imports Into Japan 1/
(Metric Tons)
August-July Marketing Year

	1999/90	2000/01	2001/02
U.S.A.	20,000	18,000	18,000
Egypt	4,000	3,000	3,000
Sudan	1,000	1,000	1,000
Other	1,000	1,000	1,000
Total	25,000	23,000	23,000

1/ Agricultural Trade Office Estimate.

Source: Japan Cotton Traders' Association.

Prices

	Osaka Price Quotations for 40-count pure cotton yarn Average of month, yen per pound
1998	199.0
1999	173.5
2000	145.4
2001 as of March	136.8

Prices for California SM 1-1/8

Prices Table			
Country	Japan		
Commodity	Cotton		
Prices in	U.S. cents	per uom	pound
Year	2000	2001	% Change
Jan	66.69	72.19	8.25%
Feb	68.69	71.38	3.92%
Mar	71.65	62.7	-12.49%
Apr	71.75		-100.00%
May	76.38		-100.00%
Jun	73.05		-100.00%
Jul	69.81		-100.00%
Aug	75.13		-100.00%
Sep	75.55		-100.00%
Oct	73.31		-100.00%
Nov	75.8		-100.00%
Dec	77.33		-100.00%
Exchange Rate	122.40yen	Local currency/US \$	