

25. Artists' Supplies

1. Definition of Category

Colors used by professional or student artists and designers (in tubes, bottles or tablets), as well as crayons and pastels.

HS Numbers	Commodity
3213	Artists' colors
9609	Crayons and pastels

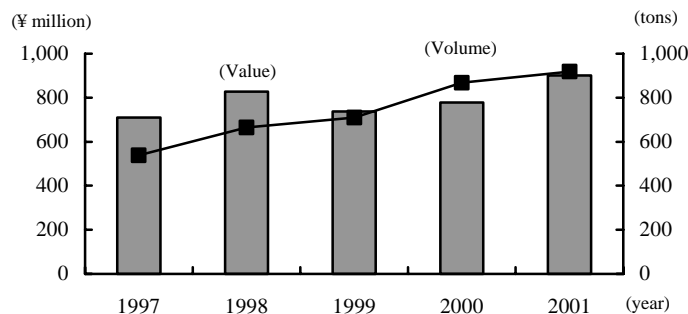
Note: Crayons and pastels are not defined as an independent category with their own HS number, and some are also included with pencils, pencil leads and others. So graphs and figures on this section deal only with the "Artists' Colors" import value and quantity.

2. Import Trends

(1) Recent Trends in Artists' Supplies Imports

It is difficult to grasp the trend of crayons and pastels import as there is no statistics available in such classification. Imports of artists' colors grew on a volume basis for four straight years from 1998 onward, suggesting very strong demand. In 2001 imports rose by 6.0%, to 919 tons worth a total of ¥902 million (up 15.8%), the highest level in recent five years.

Fig. 1 Japan's artist's colors imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Artists' colors	539	709	665	827	709	737	867	779	919	902

Units : tons, ¥ million

Source: Japan Exports and Imports

(2) Imports by Place of Origin

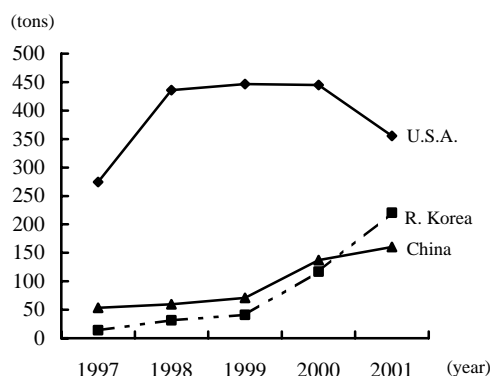
The United States has about half of the artists' colors import market, with 38.7% on a volume basis and 39.5% on a value basis. Imports from the United States sank from 445 tons to 356 tons in 2001, while the Republic of Korea (221 tons, share 24.0%) leapt past China (161 tons, share 17.5%) in the rankings. Imports remain strong from the United Kingdom and other EU nations, and now account for 11.4% of Japan's imports on a volume basis and 21.6% on a value basis. (see Fig. 2)

(3) Imports' Market Share in Japan

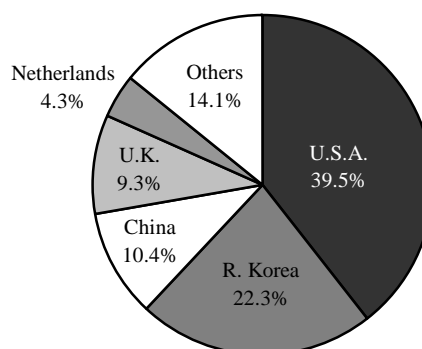
There are no accurate statistics on the overall size of the Japanese artists' supplies market. However, industry sources indicate that imports have a half share of the market. In general, Japanese-made products are very strong in this market. In the high-quality product segment, U.S. and European products have a strong position. Higher wages and the rising cost of materials in Japan have led to more offshore production by Japanese manufacturers (so-called "development imports") in the Republic of Korea, China and elsewhere, resulting in higher imports from Asia.

Fig. 2 Principal exporters of artists' colors to Japan

Trends in import volume by leading exporters



Shares of artists' color imports in 2001 (value basis)



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value		
U.S.A.	275	436	446	445	387	356	38.7%	357	39.5%
R. Korea	14	31	41	117	68	221	24.0%	201	22.3%
China	53	59	71	137	75	161	17.5%	94	10.4%
U.K.	38	23	19	34	104	30	3.3%	84	9.3%
Thailand	42	31	23	18	12	30	3.3%	16	1.8%
Others	116	84	108	116	134	122	13.2%	150	16.6%
TOTAL	539	665	709	867	779	919	100.0%	902	100.0%
(E U)	104	80	94	102	197	105	11.4%	195	21.6%

Units : tons, ¥ million

Source: Japan Exports and Imports

3. Key Considerations related to Importing

(1) Regulations and Procedural Requirements at the Time of Importation

There are no regulations or restrictions that apply to the importation of artists' supplies.

(2) Regulations and Procedural Requirements at the Time of Sale

There are no regulations or restrictions that apply to the sale of artists' supplies. But, containers and packaging may be subject to provisions of the Containers and Packaging Recycling Law and the Law for Promotion of Effective Utilization of Resources. For more detailed information about the subject, scope, labeling method, etc., please consult the competent government agencies listed below.

(Note 1): Heavy metal substances (such as lead and cadmium) that are present in the pigments of artists' supplies, crayons and pastels are subject to provisions of the Poisonous and Deleterious Substance Control Law. However, the Law applies only to the unprocessed metal substances, not to finished products containing those substances. Pigments used in children's toys are subject to provisions of the Food Sanitation Law, but in practice pigments in colors, crayons or pastels conform to the Law.

(Note 2): Note that the EU has no safety standards for artists' supplies, crayons and pastels as such. There are safety regulations that apply to toxic substances in children's toys, and those regulations apply correspondingly to artists' supplies, crayons or pastels.

(3) Competent Agencies

- Containers and Packaging Recycling Law / Law for Promotion of Effective Utilization of Resources
Recycling Promotion Division, Industrial Science and Technology Policy and Environment Bureau,
Ministry of Economy, Trade and Industry

TEL: 03-3501-1511

<http://www.meti.go.jp>

Recycling Promotion Division, Waste Management and Recycling Department, Ministry of the Environment

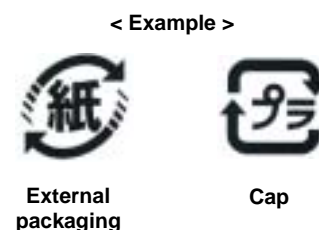
TEL: 03-3581-3351

<http://www.env.go.jp>

4. Labeling

(1) Legally Required Labeling

There is no legally required labeling for artists' supplies. But under the Law for Promotion of Effective Utilization of Resources, when paper or plastic is used as a packaging material for wrapping of individual product items, or for labels, tags, external packaging or elsewhere, a material identifier mark must be displayed with information where the material is used.



(2) Voluntary Labeling based on Provisions of Law

There is no voluntary labeling based on provisions of law for artists' supplies.

(3) Voluntary Industry Labeling

<The ST Mark System>

Toys that comply with Japan Toy Association safety standards may display the ST Mark. These standards also apply to artists' supplies when sold together with toys as a set. Persons who suffer injury caused by a product bearing ST Mark are eligible for compensation from a special indemnity fund.



Information Contacts:

- The Japan Toy Association TEL: 03-3829-2513 <http://www.toynes.or.jp>

5. Taxes

(1) Customs Duties

Artists' supplies are subject to different tariff rates according to the product category and the country of origin.

Fig. 3 Customs duties on artists' supplies

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
3213.10-000	1. Colors in sets	4.6%	3.9%	Free	
90-000	2. Other colors	4.6%	3.9%	Free	
9609.1	3. Pencils and Crayons	Free	(Free)		
-010	(1) With black leads				
-090	(2) Other pencils and crayons				
20-000	Pencil leads, black or colored	Free	(Free)		
90-000	Other types of pencils and crayons	Free	(Free)		

Note: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

(2) Consumption Tax

(CIF + Customs duty) x 5%

6. Product Characteristics

(1) Comparison with Japanese Products

There are no major differences in terms of product quality between Japanese products and those from Europe and the United States. Japanese makers enjoy consistent support from the school-age market, while their high quality control standards, their product development capabilities and manufacturing technologies are all rated as world class. Even so, European and American products have a tradition of quality and subtle color combination in the professional use field that wins praise from professional users. Recently imports have garnered more sales with art gift sets; some oriented toward children and others with vivid colors oriented toward young adults.

(2) Characteristics of Products from Different Countries / Regions

• EU Countries

Products from these countries are rooted in the history and tradition of Western-style painting. Many products from these countries are renowned for their distinctive color tones and superlative product quality, and they are favorites of professional artists everywhere.

- United States
American products hold a large share of the import market in artists' supplies and pastels. Many of their products fall into lower price ranges, and its non-toxic children's crayons sell especially well. At the same time, American makers also offer acrylic colors products that win praise from abstract painters and designers for their uniform coverage, their quick drying time, and their easy clean-ups after use.
- Asia
Some Asian countries/regions do not yet supply products with consistent quality or high renown. Some of Asian products for export to Japan are produced with Japanese direction and technical assistance, but the low wage scales in these countries/areas make it possible for them to sell at low prices.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

Three major Japanese manufacturers produce an overwhelming proportion of all the artists' colors, crayons and pastels sold in Japan. In addition, an estimated roughly 80-90% of all products in this category are made for school-age children, with almost all of the remainder going to professional users. Recently it has become popular to give gift sets of artists' supplies for general use.

Japanese school curriculum recommends that first and second graders use crayons and pastels, while from third grade it recommends those children use watercolors. As a result, sales of watercolors to first and second graders virtually ceased, while pastels enjoyed newly invigorated sales. However, for children who have yet to enter elementary school, many kindergartens have them use watercolors, and there is no established trend. In the water color category, the most popular item is a watercolor set with 12 different colors, although recently there have been an increasing number of sets with more available colors. Demand is especially strong among junior high school students now that art and design classes are widely offered. Nevertheless, Japan's declining birth rate is bringing about a structural change in the market environment. The shrinking numbers of its core purchase group is largely responsible for the stagnant sales in this market. To counter this, manufacturers have been offering greater selection of colors and higher qualities of pastels and have been targeting professional designers, artists, etc. as well. Further, with a greater amount of leisure time available to the public, they have been working to increase the number of amateur painters through courses at cultural centers, etc. There is active development of new products; some of the new products drawing attention include solid watercolors, which led to the boom in "picture letters"; watercolor pencils, which produce colors like those of water colors when water is daubed onto the surface after writing; and graffiti crayons for children, which can be washed off with water.

The Law on Promoting Green Purchasing (officially, the Law Concerning Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities) went into effect in April 2001. Because "designated procurement items" and specific evaluation criteria have been articulated, in the very near future schools are certain to start adopting green purchasing practices for artist' supplies as well. Makers are rushing to adapt by making accessory tubes from 100% recycled plastic and making pencil barrels from 100% thinning woods. The Law mandates that national government agencies and other public entities give preference in procurement to products that contribute to the reduction of environmental impact. In addition, the Law asks local government agencies, corporations and individual citizens also to choose eco-friendly goods and service when possible. In the field of artists' supplies, colors and pencils have been designated as "designated procurement items." The following standards and criteria have been adopted for stationery products.

Fig. 4 Evaluation criteria on green purchasing

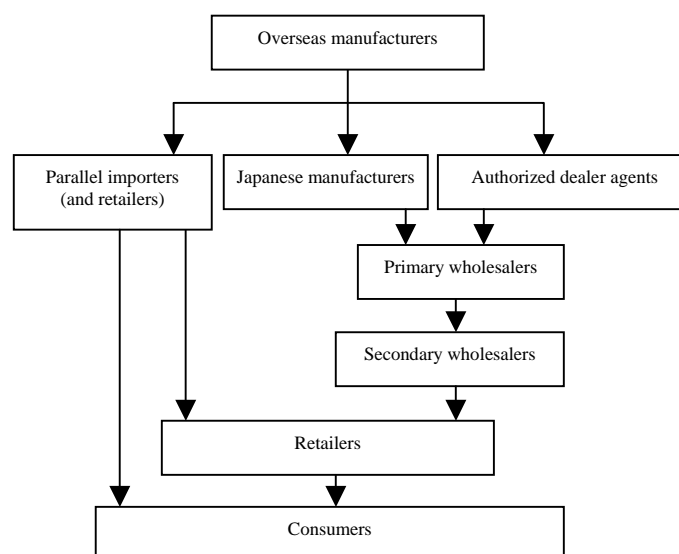
Evaluation criteria common to all stationary		<ul style="list-style-type: none"> • With the exception of metals, the main material must meet one of the following criteria: <ol style="list-style-type: none"> 1. Recycled plastic makes up at least 40% of weight. 2. Thinning and other wood is used. 3. At least 50% recycled paper content
Factors for consideration common to all stationary		<ul style="list-style-type: none"> • Ease of recycling packaging, and reduction of environmental impact upon disposal:
Factors for consideration	Colors	(Applied to container):
	Pencils	(None):

The Ministry of the Environment has published on the Internet information about products that comply with these criteria in order to provide reference information for those who prefer to acquire eco-friendly goods.

(2) Distribution Channels

Distribution channels for artists' supplies are very well developed in Japan. In most cases manufacturers sell to wholesalers who in turn distribute the merchandise to retailers. In the case of imports, Japanese manufacturers or wholesalers often have some sort of direct business tie to the overseas manufacturer. Recently there has been an increase in offshore manufacturing in China, Taiwan, the Republic of Korea and other countries/areas by Japanese manufacturers due to the high cost of labor and raw materials in Japan. Many of these products are also shipped to the local market and markets in Southeast Asia rather than exported to Japan.

Fig. 5 Distribution channels for imported artists' supplies



(3) Key Considerations for entering the Japanese Market

The problem facing all players in this market is the decline in the population of school-age children, who represent the primary target for these products. Nevertheless, manufacturers are starting to look for new targets, and many are aiming at the adult market of professional, semi-professional and serious amateur artists. To succeed in this market, a prospective importer needs to have a new image for its products, as well as a product line including gift sets and other items that appeal to fancy goods purchasers. This will make it possible to appeal to a broad range of prospective purchasers.

8. After-Sales Service

The retailer and importer are responsible for dealing with defective merchandise.

9. Related Product Categories

Related product categories include other art materials (canvases, brushes, paper, etc.). Please note that any product sold in an aerosol container is subject to provision of the Law for Control of Household Products Containing Harmful Substances, the High Pressure Gas Safety Law and the Fire Service Law.

10. Direct Imports by Individuals

There are no restrictions on imports of artists' supplies by individuals.

11. Related Organizations

- All Japan Art Materials Association TEL: 03-5228-2293
- Japan Art Material Manufacturers Association TEL: 0248-62-6700
- Japan Colors and Crayons Manufacturers Association TEL: 03-3862-0904