V

2. Curtains

1. Definition of Category

Embroidered fabric curtains products. This report does not address the fabric itself or the raw materials used to produce the fabric.

HS Numbers	Commodity
6303.11-010, 11-090, 12-010, 12-090, .19-010, 19-090	Knitted or crocheted
6303.91-000, 92-010, 92-090, .99-010, 99-021, 99-029	Others

Note: "Other" category includes the curtain balance and bed balance as accessories.

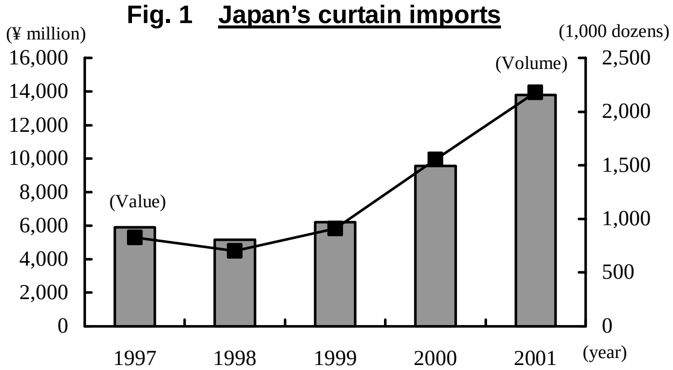
2. Import Trends

(1) Recent Trends in Curtain Imports

Imports of curtains grew rapidly from 1990 through 1996, but the slumping economy and the falloff in new housing starts caused imports to tumble by half in 1997 and 1998. After some signs of recovery in 1999, total imports in 2000 increased from 908,000 dozen units to 1.55 million dozen units. 2001 saw another increase of 40.1% and reached 2.18 million dozen units that set a new all-time record. On a value basis, imports reached an all-time record level of ¥13.78 billion (up 44.0% from the year before) in 2001. Nearly all of this growth was due to increased imports of curtains made in China. In most cases, these curtains were designed in Japan and produced with technical assistance from Japan. Wages are high at textile mills in Japan, and Japanese factories can no longer compete in terms of cost with Chinese products. Accordingly, the shift to offshore production of woven textiles is likely to continue.

Most curtain imports from Europe and the United States are imported as fabric, and therefore do not appear as such in official customs statistics. While ready-made curtain imports have been on the decline in recent years, younger adults are taking a greater interest in interior design. Demand is strong for imported curtain fabric because it goes well with contemporary casual life styles. The future is likely to see a greater trend to exporting curtain fabric from the West into China and having it made into finished products there.

Fig. 1 Japan's curtain imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Knitted or crocheted curtains	395	689	257	451	254	425	366	407	456	650
Other type of curtains	431	5,208	445	4,712	654	5,789	1,188	9,162	1,721	13,134
TOTAL	825	5,897	702	5,163	908	6,214	1,554	9,569	2,177	13,784

Units: 1,000 dozens, ¥ million *Source: Japan Exports and Imports*

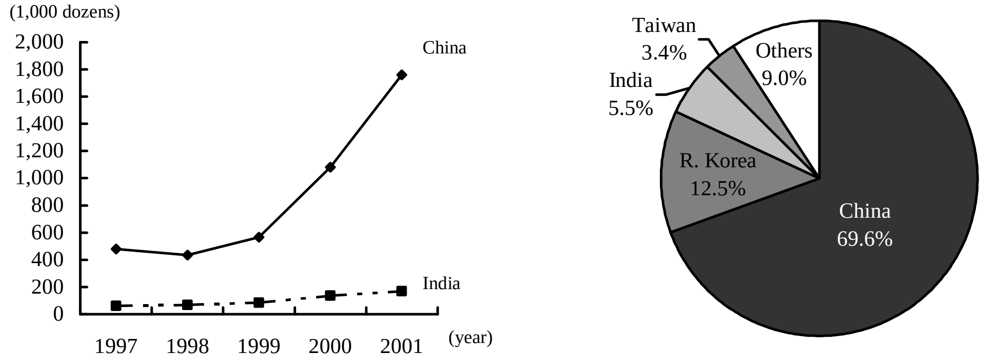
(2) Imports by Place of Origin

Imports of curtains from other Asian countries grew rapidly from around 1991 onward. In 1997 China took over the top spot from Taiwan as the leading exporter of curtains to Japan. In 2001 imports from China increased from 1.08 million dozen units for the previous year to 1.76 million dozen units (import share 80.8%), which accounted for 69.6% on a value basis.

Due to rising imports of curtains from China, imports now have a virtual lock on the low-price mass-market segment. 2001 saw an increase in imports from India (7.7% import share), which offers prices even lower than China. India climbed above the Republic of Korea (6.2%) into second place in the rankings.

Fig. 2 Principal exporters of curtains to Japan

Trends in import volume by leading exporters | **Shares of curtain imports in 2001 (value basis)**



	1997	1998	1999	2000		2001			
	Value	Value	Value	Value	Quantity	Value		Quantity	
China	481	435	567	1,081	5,161	1,760	80.8%	9,588	69.6%
India	60	68	86	136	567	168	7.7%	761	5.5%
R. Korea	54	70	124	172	2,009	135	6.2%	1,718	12.5%
Taiwan	172	85	104	105	440	87	4.0%	471	3.4%
Philippines	5	3	4	5	517	4	0.2%	414	3.0%
Other	54	41	24	55	875	22	1.0%	833	6.0%
TOTAL	825	702	908	1,554	9,569	2,177	100.0%	13,784	100.0%
(EU)	8	5	4	6	377	6	0.3%	287	2.1%

Units:1,000 dozens, ¥ million *Source: Japan Exports and Imports*

(3) Imports' Market Share in Japan

There are no statistics accurately showing the size of the domestic market for curtains. Industry sources estimate the ratio of ready-made curtains to made-to-order curtains at about 4:1. Because there is often a size mismatch between Japanese dwelling and imported curtains, especially those from Europe, it is more common for only the curtain fabric to be imported and then finished after reaching Japan.

Imported curtains are believed to have about 10% of the overall curtain market, but industry observers believe that inexpensive ready-made curtain imports will gain market share due to consumers' low-price preference.

3. The Importing and Distribution Process

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

There are no legal regulations on the importation of curtains.

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

The sale of curtains is subject to provisions of the Household Goods Quality Labeling Law, the Fire Service Law, and the Law for Control of Household Products Containing Harmful Substances.

1) Household Goods Quality Labeling Law

Curtains must bear labeling as specified by the Household Goods Quality Labeling Law. Products may not be sold without labels. (see 4. Labeling)

2) Fire Service Law

The Fire Service Law requires that curtains used in public buildings and other fire prevention property, specifically those listed in the table below, must be certified as fire-retardant items based on provisions of the Law. Products that do not bear the required labeling may neither be sold as fire retardant items nor displayed in the storefront for purposes of sale as fire-retardant items. (see 4. Labeling)

In the past, the only carpets that were allowed to display fire-retardant label were those certified by the Director-General of the Fire and Disaster Management Agency. But a revised ministerial ordinance was issued in January of 2001 that allows entities to display fire-retardant label either by applying to the Fire and Disaster Management Agency or by having the carpet material tested at a designated organizations. For details on procedures, contact the Japan Fire Retardant Association.

- Japan Fire Retardant Association TEL: 03-3246-1661 http://www.jfra.or.jp

Fig. 3 Facilities subject to use of fire retardant items

Classification	Buildings with fire retardant requirements
Facilities where smoke, etc. would rapidly spread and where firefighting activities and evacuation would be difficult in the event of a fire	High-rise buildings (meaning buildings of over 31 m height), Underground arcades
Facilities used by unspecified large numbers of persons	Theaters, movies theaters, performance halls, or arenas; Public auditoriums or meeting places; Cabarets, cafes, night clubs, or other similar establishments; Recreation halls or dance halls; Assignation house, restaurants, or other similar establishments; Food service establishments; Department stores, markets, or other retail sales / exhibition establishments; Inns, hotels, or other lodging establishments; Wet and dry public saunas, or other similar establishments; Parts of buildings housing a number of independent business institutions, used for applications of the above fireproof articles; Partially underground plazas
Facilities used by unspecified large numbers of persons which hold persons with poor ability to escape due to illness, injury, disability, old age, or young age	Hospitals, medical clinics, diagnostic clinics, or birthing centers; Senior citizen centers, nursing homes, senior citizen health facilities, rescue facilities, rehabilitation facilities, child welfare facilities (other than mothers and children's homes and child welfare facilities), handicap rehabilitation facilities (only those for persons with physical handicaps), prospective facilities for the mentally retarded and halfway houses for the mentally handicapped; Child care centers, schools for the blind or deaf, schools for the retarded
Facilities using large amounts of curtains and plywood for large props and high in danger of fire to due heat from lights etc.	Motion picture or television studios
Facilities using construction sheets with frequent history of fires	Buildings (not including residential structures and their attachments located outside urban planning districts), platform sheds, storage tanks, chemical product manufacturing devices or other similar items which are under construction

3) Law for Control of Household Products Containing Harmful Substances

The Law for Control of Household Products Containing Harmful Substances prohibits use of the following three fire-retardant compounds on curtain material. Curtains treated with these compounds may not be sold or displayed in the storefront for commercial purposes in Japan.

Fig. 4 Harmful substances regulated by the Law

Harmful substance	Standards	Toxicity
Tris (1-aziridinyl) phosphate (abbr.: APO) (Fire-retardant compounds)	Prohibited	Live damage, reproductive system damage
Tris (2,3-dibromopropyl) phosphate (abbr.: TDBPP) (Fire-retardant compounds)	Prohibited	Carcinogemesis
Bis (2,3-dibromopropyl) phosphate (Fire-retardant compounds)	Prohibited	Carcinogemesis

(3) Competent Agencies

- Household Goods Quality Labeling Law
  Consumer Affairs Policy Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
- Fire Service Law
  Fire and Disaster Management Agency, Ministry of Public Management, Home Affairs, Posts and Telecommunications
  TEL: 03-5253-5111 http://www.fdma.go.jp
- Law for Control of Household Products Containing Harmful Substances
  Safety Division, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare
  TEL: 03-5253-1111 http://www.mhlw.go.jp

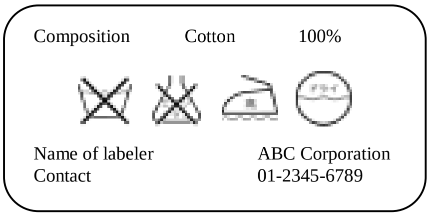
4. Labeling

(1) Legally Required Labeling

1) Household Goods Quality Labeling Law

Under the Textile Product Labeling Standards based on the Household Goods Quality Labeling Law, the label must list the composition of fiber, home care instructions (including graphical symbols), the name of the labeler and information contact (address or telephone number).

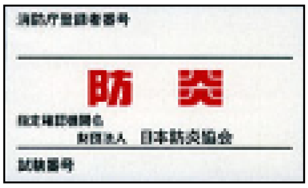
Example label for curtain



2) Fire Service Law

Fire-retardant carpets must bear fire-retardant label in the stipulated format (shown at right) that indicates either 1) the Fire and Disaster Management Agency registration number or 2) the name of the designated confirmation organization (when submitted for outside confirmation). Registrants under the former ministerial ordinance are treated as having already been certified under the new ordinance. In this instance, the registrant may list its own name and display a statement indicating it has confirmed fire-retardant performance on its own.

Example label for fire-retardant mark



(2) Voluntary Labeling Based on Provisions of Law

There is no voluntary labeling based on provisions of law for curtains.

(3) Voluntary Industry Labeling

There is no voluntary industry labeling for curtains.

5. Taxes

(1) Customs Duties

Fig. 5 on the following page presents tariff rates on curtains.

(2) Consumption Tax

(CIF + Customs duties) x 5%

6. Product Characteristics

(1) Comparison with Japanese Products

The Japanese textile industry has risen to a position of world leadership in the postwar era on the strength of its manufacturing technology and materials product development capabilities. However, European countries and America have a longer tradition of interior fabrics products, and their curtains are distinguished by some of the following characteristics:

1) Deeper, richer colors and color combinations.
2) Elegant fabric patterns.
3) Wide variety of styles and designs.

In the past, consumers held clearly different attitudes toward imported and Japanese-made curtains. They tended to regard imports as luxury goods or ultra-luxury goods, while Japanese-made products are priced in both the mid- and luxury-grade price ranges. In recent years, however, many products imported from the United States and Europe are offered in the mid-price range.

Japanese people generally use curtains both of lace and drapes. Demand for upscale imported drapery is especially strong. Pattern preferences are becoming more diverse, with consumers looking not only for traditional floral patterns and Renaissance scenes but also for brighter colors and more modern designs. For their part, imports from Asian countries mostly consist of mass-market products, and they are sold mainly at supermarkets, home centers and other mass merchandisers.

Fig. 5 Customs duties on curtains

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
6303	Curtains (including drapes) and interior blinds, curtain or bed valances				
11	1. Of Cotton				
-010	(1) Containing embroidery or lace, or figured	16.8%	12.1%	*Free	
-090	(2) Other curtain of cotton	11.2%	10.1%	*Free	
12	2. Of synthetic fibres				
-010	(1) Containing embroidery or lace, or figured	16.8%	12.1%	*Free	
-090	(2) Other curtain of synthetic fibres	11.2%	10.1%	*Free	
19	3. Of other textile materials				
-010	(1) Containing embroidery or lace, or figured	16.8%	12.1%	*Free	
-090	(2) Other curtain of other textile materials	11.2%	10.1%	*Free	
	4. Other than knitted or crocheted				
91 -000	(1) Of cotton	9%	8.2%	6.56% *Free	
92	(2) Of synthetic fibres	6.4%	5.8%		
-010	a. Of non woven			Free	
-090	b. Of other synthetic fibres	3.2%		4.64% *Free	
99	(3) Of other textile materials				
-010	a. Of flax or ramie	9.6%	8.7%	6.96% *Free	
	b. Of other textile materials	6.4%			
-021	- Containing embroidery or lace, or figured		(8.1%)	5.12% *Free	
-029	- Other curtain of other textile materials, other than knitted or crocheted		5.8%	4.64% *Free	

*Note 1: "*Free" in Preferential Rate is applicable only for Least Less Developed Countries..*
Note 2: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

(2) Characteristics of Products from Different Countries / Regions

• Germany

Germany is the center of the European interior furnishings industry, and German makers offer a wide range of high-quality velvet, lace and print curtains. Germany is also a leading consumer as well as producer of curtains, and it is known as a major distribution point for curtains from many different nations.

• France

The French curtain industry developed from the silk industry in and around Lyon, and it makes a variety of upscale goblins and silk satin curtains, as well as stylish print curtains.

• United Kingdom

British curtains have their own distinctive look and feel unlike that of other curtains from elsewhere in Europe. British imports are very popular, especially those with colonial-style print patterns.

• Switzerland

Swiss thin cotton weave and print curtains rank among the best in the world. Its curtains are characterized by a delicate modern styling.

• Italy

Italy is one of the world's leading makers of fashion merchandise. Italian makers offer a number of high-quality products ranging from traditional to modern styles. The interior furnishings industry is concentrated mostly in and around Milan in northern Italy. Italian products also include Jacquard weaves, luxury prints and thin weave fabrics.

• The Netherlands

The Netherlands is known more for its high quality standards than for the fashionableness of its products. Dutch velvet is especially highly admired.

• Belgium

Belgium mainly produces Jacquard weaves in both traditional and modern styles. Belgian curtains are known for being relatively inexpensive compared to other European countries.

- Spain

  The Spanish textile industry is centered in the Barcelona area, and is regarded as an offshoot of the Italian industry. Spain is a very promising country in terms of product quality, design sense and price.

- United States

  Reflecting American of practicality, most American exports to Japan consist of mass-market prints that are easy to care for. Casual country-style curtains are available at very reasonable prices.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

Because the market for interior fabrics such as curtains is heavily linked to fluctuations in new housing starts, it has been severely affected by the fall in new housing starts in recent years. As is clear from Fig. 6 below, new housing starts in Japan reached 1.63 million units in FY 1996, as builders rushed to get dwellings built prior to the increase in the consumption tax rate. Since FY 1998, though, new housing starts have dropped to around 1.20 million units, partly in reaction to the higher demand in earlier years and partly due to the lingering economic recession. There is little hope for future growth in new housing starts, though growth is expected in home renovations.

Fig. 6 Trends in new housing starts

F Y	1995	1996	1997	1998	1999	2000
New housing starts	1,484,652	1,630,378	1,341,347	1,179,536	1,226,207	1,213,157
<Annual change>	95.1	109.8	82.3	87.9	104.0	98.9

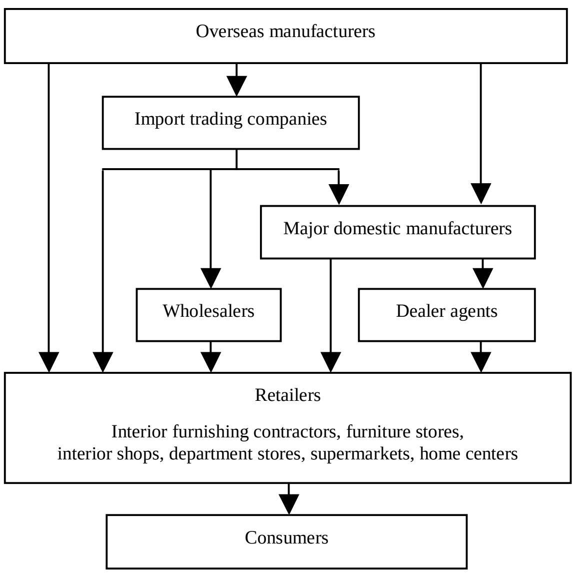
Unit: units *Source: Yearbook of Construction Statistics*

Despite the sluggish market condition, a latent interest in interior decor among the young generation of consumers has been growing. As a result, curtain products that can meet new needs among young consumers have been selling very well. In particular, sales are strong of interior fabric products with casual designs because consumers can easily change interiors without spending so much. On the other hand, sales of expensive products with traditional designs have declined sharply. In the Japanese market for interior fabric, curtains are a main item. In the curtain segment, rolled shades are gaining a share, especially in commercial facilities such as restaurants.

(2) Distribution Channels

Almost all imported curtains are distributed and sold either through leading Japanese curtain makers or through import trading companies. There are also cases in which retailers import direct, as well as cases in which importers sell direct to retailers or even consumers. Sometimes overseas manufacturers set up their own sales company in Japan to sell direct to retail outlets. Thus, distribution patterns are becoming increasingly diversified.

Fig. 7 Distribution channels for imported curtains



(3) Key Considerations for entering the Japanese Market

Diversifying consumer needs and preferences has prompted many Japanese importers to order small lots of multiple product items. Therefore, prospective exporters to Japan must make sure their manufacturing and distribution systems are able to fill small-lot orders. Exporters must also make sure that the sales network is capable of filling orders promptly.

8. After-Sales Service

Retailers deal with problems with embroidery work and color retention. In addition, because of differences in cleaning practices in other countries, problems with care and cleaning sometimes arise with direct imports. Consumers need to be made aware of these potential problems.

9. Related Product Categories

Please refer to the sections of “Carpets” (V-1) and “Bedding” (V-3) in this guidebook for more information about these product categories.

10. Direct Imports by Individuals

There are no restrictions on imports of curtains for personal use. However, individuals should note that since rooms in Europe and United States often have higher ceilings, they often have taller windows as well, and curtains made to fit those windows are typically long and narrow. These long, narrow curtains do not go well with most Japanese windows, which tend to be shorter and wider. Therefore, individuals should take careful window measurements and check those measurements against the merchandise before making a purchase.

11. Related Organizations

• The Japan Textiles Importers Association	TEL: 03-3270-0791	
• Japan Interior Decoration Association	TEL: 03-3431-2775	http://www.nissouren.jp
• Japan Fire Retardant Association	TEL: 03-3246-1661	http://www.jfra.or.jp
• Japan Interior Furnishing Material Association	TEL: 03-3433-4521	http://www.nif.or.jp
• Japan Textile Products Quality and Technology Center	TEL: 03-3666-5384	http://www.qtec.or.jp