

9. Fishing Tackle

1. Definition of Category

Fishing rods, fishhooks and fishing reels.

HS Numbers	Commodity
9507.10	Fishing rods (including parts and accessories)
9507.20	Fish-hooks
9507.30	Fishing reels

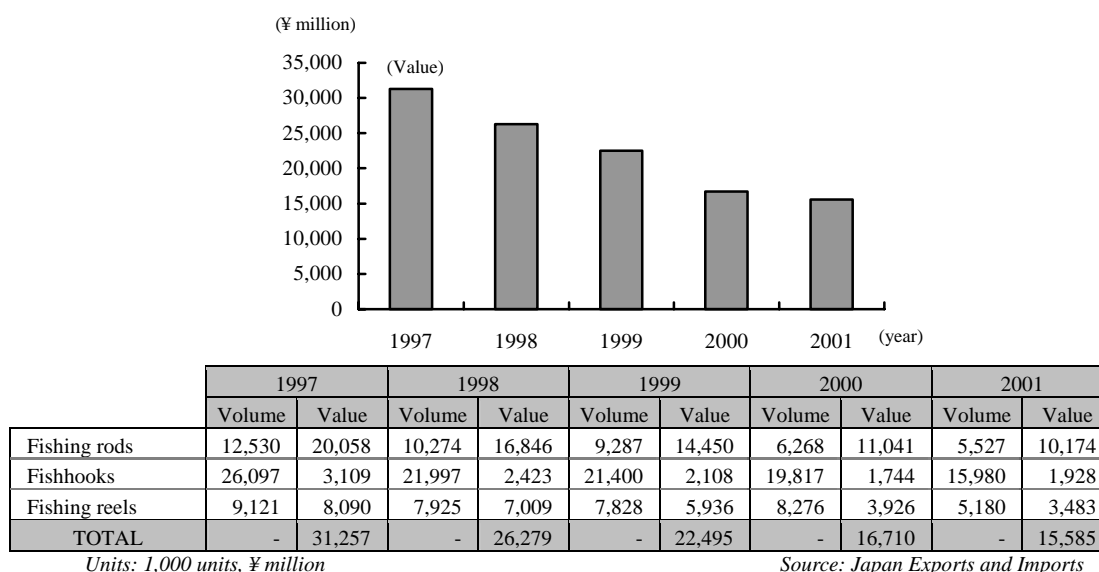
2. Import Trends

(1) Recent Trends in Fishing Tackle Imports

Fishing tackle imports may be broadly divided into two categories. One consists of imports of name-brand fishing rods, mainly from the United States and European countries, in response to the recent growth in popularity of lure fishing and fly-fishing. The other consists of imports of offshore production by OEM basis for Japanese manufacturers, who increasingly have shifted production from Japan to other Asian countries and areas where costs of mass production are lower. In particular, in recent years, there has been a notable increase in the number of Japanese companies setting up mass production systems overseas.

Imports of fishing gear have been declining year by year on both a value and volume basis, and imports were down in 2001, off 11.3% to ¥15.7 billion. The decline was across-the-board, affecting every related product category, including fishing rods, fishhooks and fishing reels. Total imports have fallen on a value basis to just half the level of five years ago.

Fig. 1 Japan's fishing tackle imports

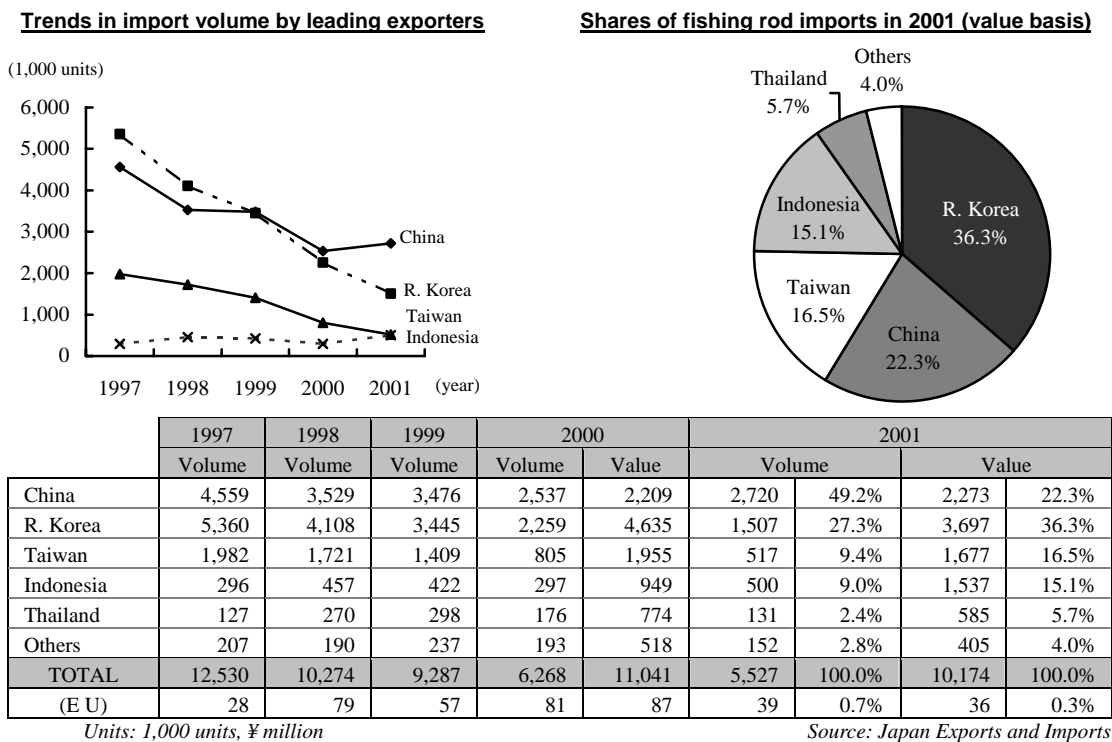


(2) Imports by Place of Origin

1) Fishing rods

Imports of fishing rods shrank from 12.5 million units to 5.53 million units in the five-year period from 1997 through 2001, with an especially precipitous decline in imports from the Republic of Korea. Previously the Republic of Korea had been a major source of high-performance fishing rods made from new materials such as carbon, fiberglass and boron. However, Korean makers have shifted much of their manufacturing to China and Indonesia in search of lower wage scales. In 2001 the Republic of Korea held the lead in fishing rod import share on a value basis with 36.3%. However, on a volume basis, China owns a sizable and widening lead over the Republic of Korea.

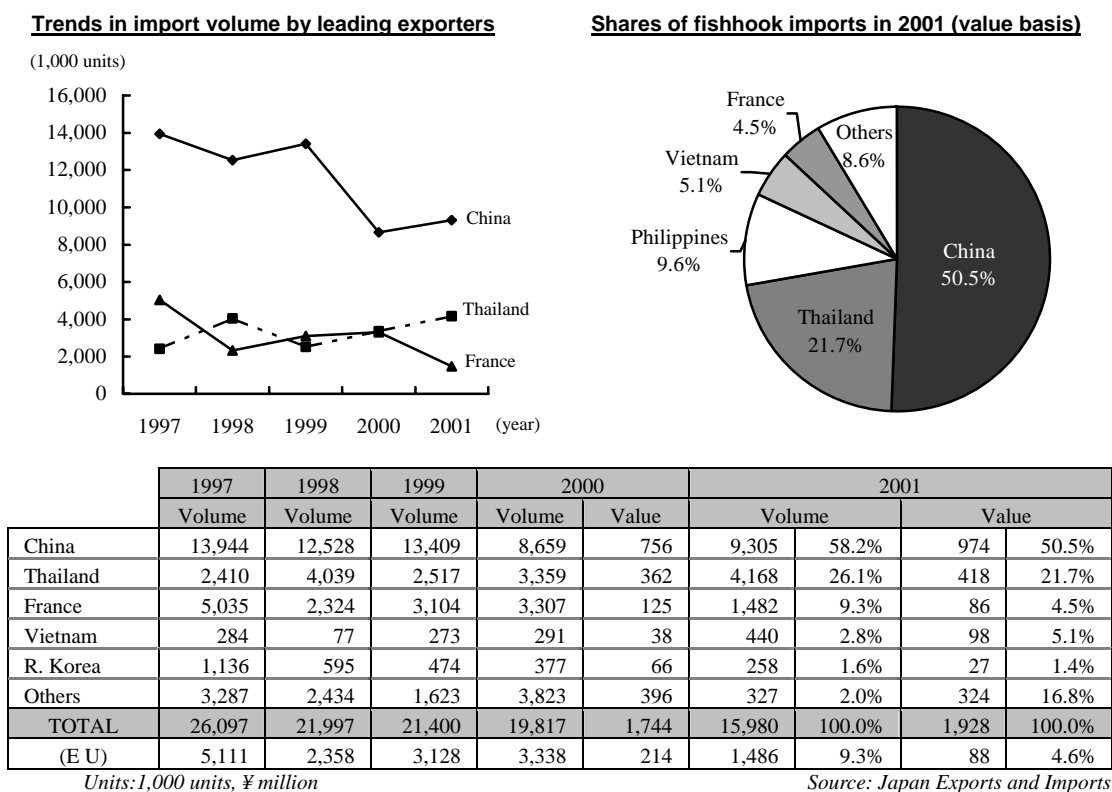
Fig. 2 Principal exporters of fishing rods to Japan



2) Fishhooks

Most Japanese manufacturers of fishhooks are small in size. A few of those makers have moved production into China, Thailand and other Asian countries. On a volume basis, China (58.2%) and Thailand (26.1%) together accounted for 84.3% of all imports in 2001. In the past, the Republic of Korea used to stand shoulder to shoulder with China, but gradually saw its share dwindle.

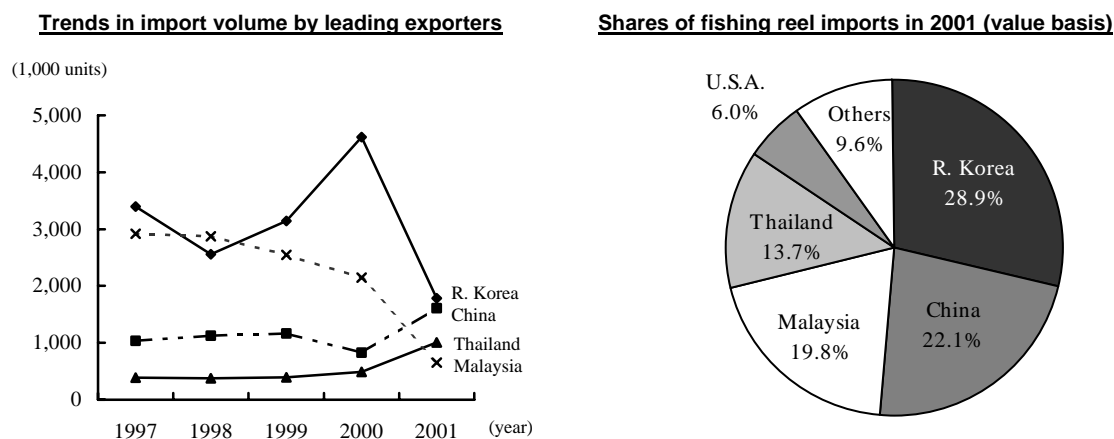
Fig. 3 Principal exporters of fishhooks to Japan



3) Fishing reels

Leading exporters of fishing reels to Japan are Asian countries, including the Republic of Korea (34.4%), China (31.0%), Thailand (19.5%), and Malaysia (12.5%). 2001 saw a substantial drop in fishing reel imports from the Republic of Korea, with China set to overtake the Republic of Korea in this category.

Fig. 4 Principal exporters of fishing reels to Japan



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value	Volume	Value
R. Korea	3,394	2,561	3,145	4,619	1,356	1,783	34.4%	1,006	28.9%
China	1,036	1,127	1,165	829	323	1,607	31.0%	769	22.1%
Thailand	388	379	396	490	653	1,008	19.5%	476	13.7%
Malaysia	2,917	2,875	2,545	2,150	706	650	12.5%	689	19.8%
U.S.A.	87	141	32	24	211	48	0.9%	209	6.0%
Others	1,298	842	545	163	677	85	1.6%	335	9.6%
TOTAL	9,121	7,925	7,828	8,276	3,926	5,180	100.0%	3,483	100.0%
(E U)	126	156	119	65	602	30	0.6%	297	8.5%

Units: 1,000 units, ¥ million

Source: Japan Exports and Imports

(3) Imports' Market Share in Japan

The share of imports in the fishing tackle market has moved at about 10% in recent years. Imports are projected to gain more share due to the increase in offshore production by and OEM production for Japanese manufacturers in Asian countries and areas as described before.

3. Key Considerations related to Importing

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

There are no legal regulations that apply to the importation of fishing tackle.

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

In the fishing tackle, sale of fishing rods is subject to provisions of the Act Against Unjustifiable Premiums and Misleading Representations. In addition, 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.

1) Act Against Unjustifiable Premiums and Misleading Representations

<Fair Competition Code Concerning Representation of Fishing Rods>

The industry has voluntarily adopted labeling guideline in order to assure consumer product choice availability and preserve fair competition, based on the Act Against Unjustifiable Premiums and Misleading Representations. (see 4. Labeling)

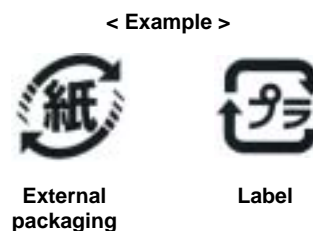
(3) Competent Agencies

- Act Against Unjustifiable Premiums and Misleading Representations (Fair Competition Code)
Consumer Related Trade Division, Trade Practices Department, Fair Trade Commission of Japan, Ministry of Public Management, Home Affairs, Posts and Telecommunications
TEL: 03-3581-5471 <http://www.jftc.go.jp>
- 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 fishing tackle. 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

<JIS Mark>

Fishhooks are eligible to participate in the JIS Mark labeling system, which is based on provisions of the Industrial Standardization Law (JIS Law). Fish hooks produced in JIS Mark authorized factories (known as JIS Mark approved factories when located abroad) may display the following symbol on their product labels.



Contact:

- Japanese Standards Association TEL: 03-3583-8005 <http://www.jsa.or.jp>

(3) Voluntary Industry Labeling

<Labeling based on the Act Against Unjustifiable Premiums and Misleading Representations>

The Fishing Rod Fair Trade Council has established the Fair Competition Code Concerning Representation of Fishing Rods based on provisions of the Act. The Code defines how labeling for product names, material names and other label items must appear. In addition, the Code requires labels for products containing conductive materials such as carbon and fiberglass to display the Electric Shock Warning Label to warn consumers of potential electrical hazards. There are two varieties of the Electric Shock Warning Label: the “gold” mark and the “silver” mark. The former is applied to carbon rods and boron rods, while the latter is applied to glass rods.

Contact:

- Fishing Rod Fair Trade Council TEL: 03-3206-1130 <http://www.jaftma.or.jp/koutori>

Example labeling of fishing rods based on the Fair Competition Code Concerning Representation

Product type and name	Isozao #2 5.4M Medium Action		
Material name	Carbon rod	Material (Fiber)	Carbon fiber : 70% Glass fiber: 30%
Resin	Epoxy resin		
Dimensions	Length: 5.4m, Closed length: 101cm, Tip diameter: 1.4mm, Casting weight: 3-7, Weight: 285g, No. of joints: 6, Handle diameter: 21.0 mm		
Country of origin	###	Approval Number	No. ###
Name and address of Importer	###, X Street, Y City, Z Prefecture ABC Corp.		

Fair Competition Mark and Electric Shock Warning Label



5. Taxes

(1) Customs Duties

Fig. 5 below presents customs duties on fishing tackle. In order to apply for preferential tariff rates, the importer should submit a certificate of origin issued by the Customs or other issuing agency in the country of export (not required if the total value of the shipment is no greater than ¥200,000). For more details, please contact the Customs and Tariff Bureau, Ministry of Finance.

Fig. 5 Customs duties on fishing tackle

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
9507	Fishing rods, fish-hooks and other line fishing tackle; fish landing nets, butterfly nets and similar nets; decoy "birds"(other than those of heading No.92.08 or 97.05) and similar hunting or shooting requisites:				
9507.10	1. Fishing rods	3.8%	3.2%	Free	
-010	(1) Fishing rods, excluding parts and accessories				
-090	(2) Other parts of fishing rods				
20 -000	2. Fish-hooks, whether or not snelled	3.8%	3.2%	Free	
30 -000	Fishing reels	3.8%	3.2%	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

Japan has its own unique fishing techniques, and Japanese-made fishing tackle is commonly used with these techniques. In recent years, the increased popularity of lure and fly-fishing has contributed to the greater number of people fishing. Commercial fishermen mostly use fishing gear made in Japan, but leisure and recreational fishermen more often use mass-market products that are more likely to be imported, mainly from other Asian countries and areas.

(1) Fishing rods

Fishing rods from the Republic of Korea, Taiwan and China are popular for their low prices. Korean models are noted for their versatility and high product quality in relation to the price, and many are scarcely distinguishable from Japanese models. In recent years there has been a surge in sales of fishing rods designed specially for lure fishing and fly-fishing, which are increasingly popular recreational pursuits. Many of these specialty fishing rods are imported from Europe or the United States.

(2) Fishhooks

Some manufacturers of labor-intensive products such as lines with pre-attached hooks have shifted production to other Asian countries and areas, and the products of these Japanese-owned offshore facilities differ little from their domestically made counterparts. However, lures and flies from Europe and the United States often have very distinctive colors and design features not often found in Japanese models, and serious fishermen often prefer these imports.

(3) Fishing reels

Fly fishing and trolling have grown in popularity of late, and American-made fly-fishing and trolling reels have a reputation for superior durability. These reels have a number of features that Japanese manufacturers cannot readily duplicate because those features are patented, and that is the main reason for the quality gap. The most popular imported models come from the United States and Sweden.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

Fishing and other outdoor activities have enjoyed a surge in popularity in Japan as people looked for healthy activities they could enjoy with their families. The number of sport and recreational fishermen has risen steadily. This trend has stimulated growth in the fishing tackle and accessories market, which is increasingly driven not only by functionality but also by fashion appeal. The fishing boom, however, has cooled off somewhat since 1999. In 2000 the fishing population declined to 16.8 million. The size of the market for fishing equipment has been in decline since it peaked at ¥295.0 billion in 1997. Estimates put the size of the market at ¥265.0 billion in 2000.

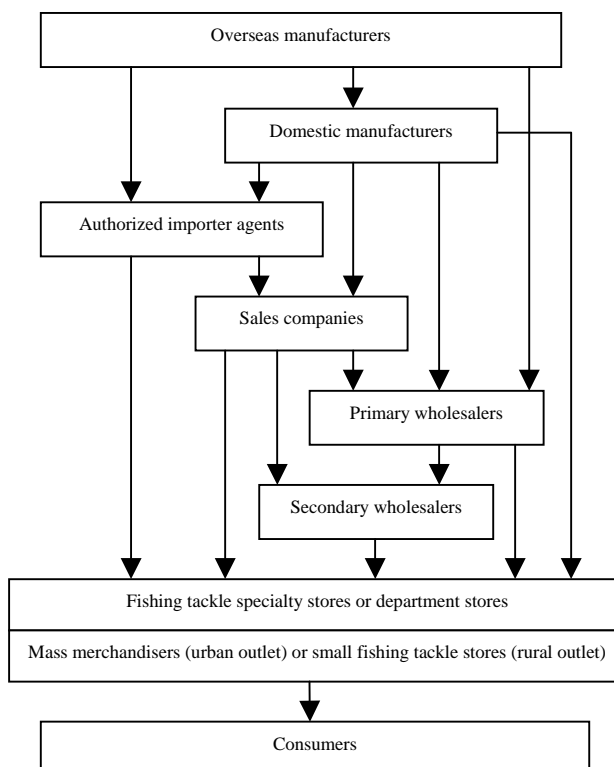
Fly-fishing and lure fishing techniques once were unique to European countries and the United States, but they have now become the mainstream recreational fishing techniques in Japan as well. As outdoor pursuits gain in popularity, serious sport fishermen have more and more diverse product needs. For example, fly-fishing is viewed in Great Britain as mainly an aristocratic recreation, and this is part of the reason it has become fashionable in Japan. A substantial portion of fly fishing tackle and fly-fishing accessories is imported. Avid fishermen tend to have strong brand preferences.

Compared with many other recreational sports, fishing is characterized by a much wider variety of products, with specialized rods, hooks and accessories for each type of fishing spot, fishing method, and type of fish. Novice fishermen, on the other hand, tend to buy less expensive product sets when they are just starting out. Recently fishing has come to be more of a year-round sport. Nevertheless, fishing tackle and accessory sales remain highly seasonal. The peak seasons are April and May in the spring and September and October in the fall, while the slow seasons are August in the summer and during the cold weather months from November through March. The month of August tends to be a time when people engage in other types of leisure pursuits, and fishing tackle demand goes down dramatically.

(2) Distribution Channels

There are different distribution channels for each product category. Also, general fishing tackle makers tend to utilize different channels from specialty product makers. Consequently, the distribution system is rather complex. Nevertheless, most products pass through primary wholesalers on the way to market. In the past most fishing tackle sales took place at specialty stores. However, large retail stores that carry a variety of leisure goods and discount stores account for a larger portion of sales as time goes on. The trend is toward increasing polarization between specialty channels and mass-market or discount channels. There is also increasing differentiation between urban specialty stores and rural specialty stores (those located closer to popular fishing spots). Urban stores are expanding, offering larger discounts, diversifying their product lines and renovating their stores to enhance store visibility. Rural stores, on the other hand, sell mainly bait and accessories, and many are also in the fishing boat business. Of course they also carry rods and reels, but in much smaller quantities and with more limited product selection than in urban stores. Their core business is sales of small and relatively inexpensive type of fishing tackle, and their selection of imported products is by no means abundant.

Fig. 6 Distribution channels for fishing tackle



Most high-performance and upscale model brands are sold by department store fishing tackle departments or by specialty stores. Offshore and OEM products from abroad are usually distributed through the same channels as domestically made products from the same manufacturer. Also more and more trading companies and wholesalers are importing direct from manufacturers in other countries.

(3) Key Considerations for entering the Japanese Market

The fishing tackle business has an enormous range of products with distinctive materials and uses (commercial, serious recreational, leisure), along with a great many related products. Entering the market therefore requires a vast range of knowledge. According to the Fishing Rod Fair Trade Council, there have been no new manufacturers or importers of fishing tackle in recent years. Since most of the brands are already firmly established in the market, it would be very difficult for a manufacturer to succeed in the rod and reel business. The same is not necessarily true for related products such as ice chests, fishing wear and accessories, where the sheer diversity of products affords more opportunities.

8. After-Sales Service

Normally the retail store fields requests for after-sales service. However, only a very few retail stores have their own repair facilities and parts inventories, so usually items are sent from the retail store to a repair facility or to the manufacturer or importer agent for repair.

(1) Fishing rods

Fishing rods more commonly require parts replacement with high quality parts than they do repair. If the item is manufactured at a Japanese-owned plant overseas for export back to Japan, after-sales service is much the same as for fishing rods made in Japan. Fishing rods made in other countries often come with warranty cards, especially the more expensive models. The warranties usually stipulate that the importer agent will be responsible for all repairs within the warranty period.

(2) Fishing reels

After-Sales service for fishing reels is handled in much the same fashion as for fishing rods. However, repair costs can sometimes be quite high for more expensive imported fishing reels if they come without any warranty or if the warranty has already expired and the item must be disassembled or have parts replaced.

9. Related Product Categories

Fishing wear, fishing buckets and fishing boots are sometimes subject to provisions of the Household Goods Quality Labeling Law that require product labels to list the product name, the material used and other items of information.

10. Direct Imports by Individuals

There are no restrictions on direct imports by individuals. Any person may freely bring fishing tackle into Japan.

11. Related Organizations

- Japan Sportfishing Association TEL: 03-3555-3232 <http://www.jsafishing.or.jp>
- Japan Fishing Tackle Manufactures Association TEL: 03-3555-0101 <http://www.jaftma.or.jp>