

1. Fur and Fur Products

1. Definition of Category

Fur garments are produced from the skins of more than 100 different animals. Fur products are classified as “raw fur skins,” “tanned or dressed fur skins” or “fur skin articles.”

Raw fur skins: Fur not yet subjected to the tanning process.

Tanned or dressed fur skins: Fur already subjected to the tanning process. Sometimes also referred to as dressed fur.

Fur skin articles: Garments (such as fur coats) or other products (such as handbags) made from fur.

HS Numbers	Commodity
4301.	Raw fur skins
4302.	Tanned or dressed fur skins
4303.	Fur skin articles

Note: In this section, the term “fur” refers to the hide of animals with the hair or fur attached, and “leather” on the other hand refers to animal hide with the hair or fur removed. However, it does not include feathers or the hide of animals listed in Article 41, Note 1 (c) of the Tariff Tables (please refer to the “Customs Tariff Schedule of Japan” for further information).

2. Import Trends

(1) Recent Trends in Fur and Fur Product Imports

Fur and fur product imports reached their peak at ¥93.7 billion in 1984, making Japan the world’s second largest market for fur and fur products. Since that time, however, the Japanese retail market for furs and fur products have been rather unstable, and imports have fluctuated considerably from one year to another. Subsequently, economy recession, the global animal protection movement, abnormally warm winters, and other negative factors came into play. Fur and fur product imports have continued to tumble both on a volume and value basis.

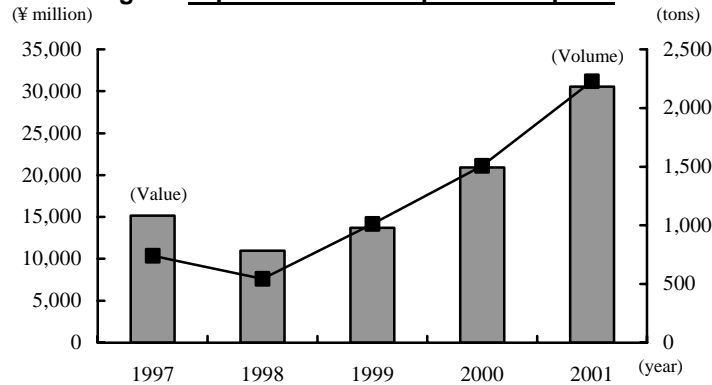
Especially in 1998 imports showed a sizeable decrease due to the impact of the recession. However, 1999 and 2000 saw a rapid increase in imports of inexpensive fur products from China, as fur collars and cuffs became fashionable, especially among young adults. Fur and fur product imports totaled 2,229 tons in 2001 (up 48.0% from the year before), worth some ¥30.53 billion (up 46.2%). Each of these totals represented the third straight year of substantial gains. Growth has been especially dramatic in the past several years in imports of finished fur products (fur skin articles), and they made up 80% of all imports on a volume basis for 2001. Five years ago finished products accounted for just 37% of all imports, which shows what a dramatic change has occurred in the import structure for fur and fur products in recent times. In contrast, imports of tanned fur skins and raw fur skins are almost flat compared to 1997 levels. (see Fig. 1)

The most common category of material, overwhelmingly, is “sheep, goat and rabbit” fur, which represented 72.4% of all imports in 2001 on a volume basis. On a value basis, the most common category is “sheep, goat and rabbit” with 45.6%, followed by “other animal furs” with 39.7% and mink with 14.7%. Mink enjoyed a surge of popularity during the bubble economy days, but fur demand of the past few years reflects the more casual and diverse fashion trends of recent times.

(2) Imports by Place of Origin

The main beneficiary of fur import growth has clearly been China, which showed increase from 188 tons (worth ¥197 million) to 1,683 tons (worth ¥20.3 billion) in recent five years. In 2001 China accounted for 75.5% of imports on a volume basis and 66.6% of imports on a value basis. The leading exports from China to Japan were finished products (fur skin articles) and tanned fur skins of “sheep, goat and rabbit” fur and of “other animal furs.” Trailing far behind China as exporters of furs to Japan are the Republic of Korea and Italy, while Finland, Denmark, and Austria are important exporters of raw fur skins to Japan, though trade in this category is rather small.

Fig. 1 Japan's fur and fur product imports



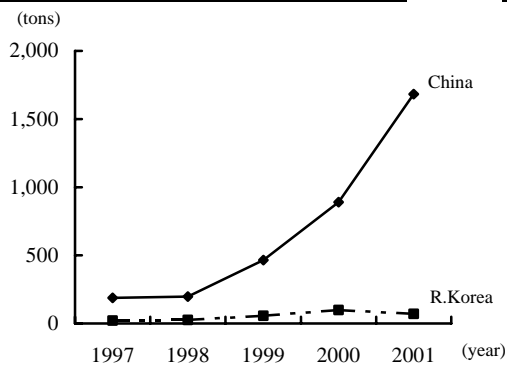
	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Raw fur skins	198	2,572	120	1,241	195	1,447	138	1,396	175	2,037
Tanned or dressed fur skins	266	2,130	184	1,341	253	1,772	306	1,991	276	2,055
Fur skin articles	277	10,473	239	8,396	564	10,486	1,062	17,503	1,779	26,439
TOTAL	741	15,175	543	10,977	1,012	13,705	1,506	20,890	2,229	30,531

Units: tons, ¥ million

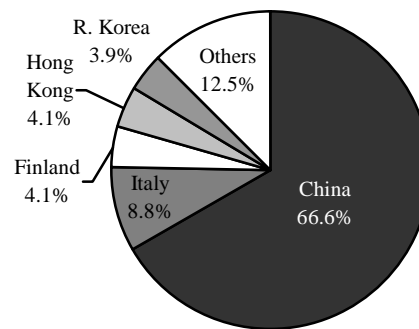
Source: Japan Exports and Imports

Fig. 2 Principal exporters of fur and fur products to Japan

Trends in import volume by leading exporters



Shares of fur and fur product imports in 2001 (value basis)



	1997	1998	1999	2000		2001		Volume	Value
	Volume	Volume	Volume	Volume	Value	Volume	Value		
China	188	197	464	890	11,384	1,683	75.5%	20,324	66.6%
R. Korea	21	25	57	98	1,382	71	3.2%	1,199	3.9%
Italy	26	38	101	118	2,971	69	3.1%	2,681	8.8%
New Zealand	66	24	39	42	69	67	3.0%	109	0.4%
Finland	65	35	140	90	1,025	67	3.0%	1,264	4.1%
Others	375	224	211	267	4,058	273	12.2%	4,953	16.2%
TOTAL	741	543	1,012	1,506	20,890	2,229	100.0%	30,531	100.0%
(E U)	138	109	302	284	5,451	199	8.9%	5,766	18.9%

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 3 Principal exporters by material/form (2001)

		Total import volume	First	Share	Second	Share
			Mink	Raw fur skins	11,024	Finland
	Tanned or dressed fur skins	8,823	China	78.4%	Hong Kong	13.7%
	Fur skin articles	57,129	China	85.0%	Hong Kong	9.6%
Sheep, goat, rabbit	Raw fur skins	33,792	Australia	88.8%	Portugal	8.9%
	Tanned or dressed fur skins	202,411	China	61.7%	New Zealand	14.5%
	Fur skin articles	1,376,948	China	86.4%	R. Korea	4.3%
Other	Raw fur skins	129,814	Finland	46.6%	Denmark	15.1%
	Tanned or dressed fur skins	64,293	China	33.2%	Italy	31.7%
	Fur skin articles	344,477	China	82.2%	Italy	5.0%

Unit: kg

Source: Japan Exports and Imports

(3) Imports' Market Share in Japan

Japan produces about 700,000 mink pelts and about 20,000 fox pelts annually. Except for a very small number of raccoons and weasels captured from the wild, Japan relies on imports for more than 90% of its raw fur skin supplies. On the other hand, the imports' share of tanned or dressed fur skins (semi-finished goods) is 79.9% and fur skin articles (finished products) is 53.9% in 1999. Domestic products share getting large at later processing step. Nevertheless, the rapid growth in imports since 1999 has given imported products a larger share of the market to 64.5% for finished products (since domestic production statistics have not been released, the exact import share from 2000 onward is not known).

Fig. 4 Imports' share in the Japanese market for fur and fur products

		1996	1997	1998	1999	2000
Tanned or dressed fur skins	Domestic production	910	1,197	816	709	n.a
	Exports	285	272	272	264	303
	Imports	2,532	2,130	1,341	1,772	1,991
	Domestic market total	3,157	3,055	1,885	2,217	n.a
	Imports' share	80.2%	69.7%	71.1%	79.9%	n.a
Fur products	Domestic production	14,166	10,086	9,561	9,028	9,695
	Exports	84	67	38	51	52
	Imports	17,322	10,474	8,396	10,486	17,503
	Domestic market total	31,404	20,493	17,919	19,463	27,146
	Imports' share	55.2%	51.1%	46.9%	53.9%	64.5%

Unit: ¥ million

Source: Census of Manufactures, Japan Exports and Imports

3. Key Considerations related to Importing

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

Imports of fur and fur products are, in some cases, subject to the Foreign Exchange and Foreign Trade Law, the Wild Life Protection and Hunting Law, and the Domestic Animal Infectious Diseases Control Law.

1) Foreign Exchange and Foreign Trade Law (Import Trade Control Order)

Under terms of the Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora, so-called CITES), the Foreign Exchange and Foreign Trade Law regulates importing of species of wild fauna and flora listed in the Appendix to the Convention. It covers not only the animals themselves but also coats made wholly or partially from fur of endangered animals, as well as other items such as alligator leather handbags. The Washington Convention applies to three categories of species, as discussed below. For more information on the specific content and applicability of these classifications, please contact the Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry.

Appendix I (All species threatened with extinction)

Commercial traffic in these species or products made from these species is prohibited. For customs purposes all of these animals are designated as import quota items and the Minister of Economy, Trade and Industry must approve an import quota before any such item can be imported.

Appendix II (All species requiring strict international regulation to prevent danger of extinction)

The importer of any such species or product made from a member of such species must present to Japanese customs authorities an export certificate or re-export certificate from the management authority of the exporting country. Some species need prior confirmation by the Minister of Economy, Trade and Industry.

Appendix III (All Species which any party identifies as being subject to regulation and as needing the cooperation of other parties in the control of trade)

The importer of any such species or product made from a member of such species must present to Japanese customs an export certificate and a certificate of origin issued by management authority of exporting country, or a certificate granted by the management authority of the country of re-export that specimen was processed in that country. Some species need prior confirmation by the Minister of Economy, Trade and Industry.

However, animals may be bred and raised in captivity for commercial purpose of providing animal hides is permitted so long as a certificate by the management authority of exporting country to that effect is granted. The text of the Convention specifically mentions the following endangered species as meriting special surveillance:

Russia:Lynxes
China:.....Leopard Cats
Canada:Coyotes Bobcats, Lynx Cats, and Lynxes
Norway:Seals, Fur Seals

It can be difficult to determine whether fur skins under its common name corresponds to a species covered under the Washington Convention, or whether the material came from animals that were systematically grown or not. Accordingly, it is preferable when importing fur skins to list the scientific name on the invoice, even if the fur skins indisputably came from a species not covered by the Convention.

2) Wild Life Protection and Hunting Law

When importing some species of fur and fur products, it is required to attach the export certificate or legally captured certificate issued by the government agency of the exporting country.

3) Domestic Animal Infectious Disease Control Law

In order to prevent infectious diseases of livestock from being brought into the country, the Law establishes animal quarantine and import inspection requirements. When importing hides and skins of designated quarantine goods, it is required to attach an inspection certificate (confirming that there is no danger of the spread of disease organism of livestock infections) issued by the competent government agency of the exporting country (corresponding to Animal Quarantine Station of Japan).

Animal quarantine inspections can only be performed at ports of entry with facilities to carry out sterilization and other required processes. Upon arrival at the port of entry, the importer must promptly submit to the Animal Quarantine Station an application of import Inspection along with an inspection certificate issued by the competent government agency of the exporting country. If an infestation is detected, and then the importer will be ordered to decontaminate, discard, or return to the shipper. For more detailed information, please contact Animal Health Division, Livestock Industry Department, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries.

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

The sale of fur and fur products is sometimes subject to the Law for Conservation of Endangered Species of Wild Fauna and Flora. The Act Against Unjustifiable Premiums and Misleading Representations, sometimes requires labeling as to the country of origin. 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) Law for Conservation of Endangered Species of Wild Fauna and Flora

The Law established a comprehensive legal framework of protection for species considered to be in danger of extinction. Animal furs and products made from furs, which are designated as species specially identified for protection, may not be sold or transferred in Japan. However, species that are being raised for commercial purposes may be distributed in Japan, provided that proper registration procedures with the Minister of the Environment are completed. Registration procedures are with the Natural Environment Research Center, a registration organization officially designated by the Ministry of the Environment. For more details, please consult the Wildlife Division, Nature Conservation Bureau, Ministry of the Environment.

(3) Competent Agencies

- Foreign Exchange and Foreign Trade Law (Washington Convention)
Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Law for Conservation of Endangered Species of Wild Fauna and Flora / Wild Life Protection and Hunting Law
Wildlife Division, Nature Conservation Bureau, Ministry of the Environment
TEL: 03-3581-3351 <http://www.env.go.jp>

- Domestic Animal Infectious Diseases Control Law
Animal Health Division, Livestock Industry Department, Agricultural Production Bureau, Ministry of Agriculture, Forestry and Fisheries
TEL: 03-3502-8111 <http://www.maff.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

<Labeling 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.

< Example >



External packaging



Individual packaging

(2) Voluntary Labeling Based on Provisions of Law

There is no voluntary labeling based on provisions of law for fur and fur products.

(3) Voluntary Industry Labeling

Japan Fur Association defines voluntarily labeling guidelines. When employing, the following three items must include.

- Product name

The product must display the name of the type of fur used along with the product type name. Manufacturers and sellers should conform name usage to practices of “Guidelines for Product Name Labeling” by the Japan Fur Association.

- Place of origin

Indicate the place where the finished garment or other article was produced (not where the raw fur skin itself was produced).

- Company name

The name of the company performing the labeling should appear prominently on the lower portion of the tag or other label.

All forms of labeling other than those specified above are voluntary (such as the place of origin of the fur material, size, or product code). Tags, sewed-in labels, or other labeling methods may be used at the manufacturer or seller’s discretion.

Contacts:

- Japan Fur Association TEL: 03-3663-1120 <http://www.fur.or.jp>

5. Taxes

(1) Customs Duties

Fig. 5 on the following page presents tariff rates on fur and fur products. 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 for shipments valued at ¥200,000 or less). For more detailed information, please consult the Customs and Tariff Bureau, Ministry of Finance.

(2) Consumption Tax

(CIF + Customs duty) x 5%

Fig. 5 Customs duties on fur and fur products

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
4301	Raw fur skins				
10	Of mink	7%	3.5%	Free	
20,30	Of rabbit or hare	Free	(Free)		
40,50,60,70	Of beaver, musk-rat, fox and seal	Free	(2.1%)		
80	Other raw fur skins	Free			
-100	Of goats or of kids		(Free)		
-200	Other raw fur skins		(2.1%)		
4301.90	Heads, tails, paws and other pieces or cuttings, suitable for furrier's use				
-220	Of mink	7%	3.5%	Free	
	Of other animals	Free			
-210, -100	Rabbit, lambs and goats or kids		(Free)		
-300	Other animals		(2.1%)		
4302	Tanned or dressed fur skins				
11	Of mink	15%	(15%)	3% Free	
12,13	Of rabbit, lambs and goats or kids	15%	(15%)		
4302.19	Of other animals	15%	(15%)		
-010	Of goats or of kids				
-020, -090	Of fox and other			3% Free	
4302.20	Heads, tails, paws and other pieces or cuttings, unassembled, tanned or dressed fur skins	15%	(15%)		
-010	Of lambs, goats or kids or rabbits				
-090	Of other animals			3% Free	
4302.30	Whole skins and pieces or cuttings thereof, assembled:				
	Dropped fur skins	20%	(20%)		
-011,- 012	Of sheep, goats or kids or rabbits				
-013, -019	Of mink and other			12% *Free	
	Other of dropped fur skins	15%	(15%)		
-021, -022	Of lambs, goats or kids or rabbits				
-023, -029	Of mink and other			12% Free	
4303.10	Articles of apparel, clothing accessories and other articles of fur skin:	20%	(20%)		
	Articles of apparel				
-011, -012	Of fur skin of sheep or goat, or of rabbit				
-013, -014, -019	Of fur skin of mink, of fox and other			12% *Free	
	Articles of accessories and other, of fur skin				
-091	Of fur skin of sheep or goat, or of rabbit				
-099	Of other animals			12% *Free	
4303.90	Other articles of fur skin	20%	(20%)		
-010	Of fur skin of sheep or goat, or of rabbit				
-090	Of other animals			12% *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.

6. Product Characteristics

Mink includes wild mink and farm mink. Almost all of the mink sold in the world is farm mink. Farm mink is produced mostly in Scandinavia and also in the United States, Canada, Japan, and other countries. At the present time, there are over 20 color variations such as pastel, violet, sapphire, white, dun, and scan brown. Fox also includes wild and farm varieties. Almost all of the pelts used for fur products are from farm fox. The main production area is Scandinavia. There are over 40 color variations of which silver fox, blue fox, white fox, etc. are famous.

- **North America**
North America is known for two world-class varieties of fur: Black Glama mink, a black colored mink raised in quasi-natural conditions in the Great Lakes region of the United States; and Majestic Mink, which comes from the cold, brisk natural environment of Canada.
- **Scandinavia**
Scandinavia is the world's largest producer of mink and fox fur. The best-known varieties are Saga mink and Saga foxes.
- **Russia**
Russia has some 130 different fur-bearing animals, many of which are systematically raised under strict protective regulations.
- **Other areas**
Most raw fur is produced in regions, like the three listed above, located in cold-weather climates. However, a growing number of finished product imports consist of lower-priced merchandise made in Hong Kong and China.

The principal determinants of product price are 1) scarcity of the material used, 2) quantity of fur used, 3) portion used, 4) fur quality, 5) quality of sewing workmanship, 6) quality of trim, 7) proportion of fur to other materials, 8) need for pattern combination, and 9) technical skill used in tanning and dyeing.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

The Japanese market for fur products has grown rapidly by ¥20.0 billion a year from the ¥15.0 billion of 1972, reaching as high as ¥275.0 billion in 1984. Subsequently, however, abnormally warm winters, the global animal protection movement, quality problems (the flood of inexpensive imports causing confusion between similar products, price competition, and a loss of trust), and other negative factors came into play. Added on to this was the recession. The market consequently returned to the pre-1980 level.

1999 saw an explosion in popularity of coats and dresses with decorative fur collars and cuffs, and this accounts for much of the resurgence in demand for furs. According to the estimates by the Japan Fur Association, however, since most of these products are inexpensively priced, the market has grown scarcely at ¥50.0 billion in terms of retail prices.

(2) Distribution Channels

The following Fig. 6 illustrates the distribution of fur and fur products in Japan. Fur produced at various places around the globe is brought together at several different collection sites where they are sorted and inspected before being forwarded to auction sites. Most commercial trade takes place in raw fur skins. Auction houses sort fur skins according to their own standards of color, fur quality and density, gender and size. 50-60 pelt bundles are numbered and entered in a catalog. Buyers from all over the world (including raw fur wholesales and fur brokers) examine the catalog, then place bids on the fur, with the sale going to the highest bidder.

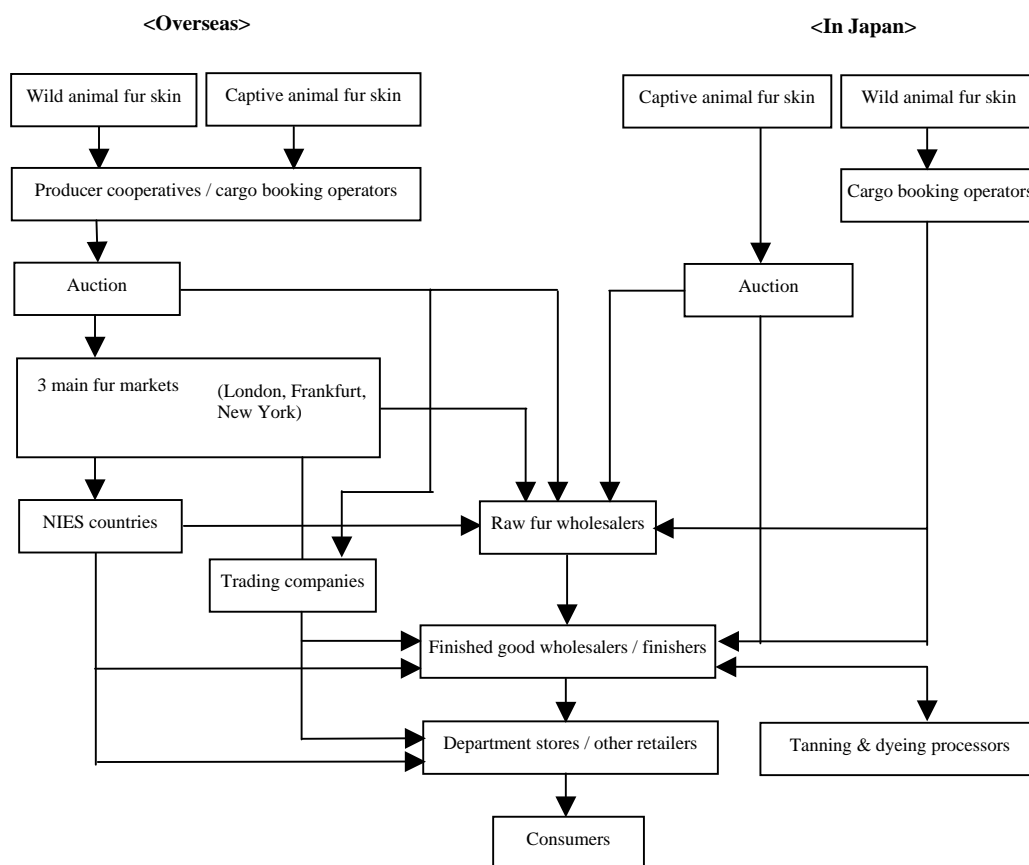
The raw fur skins purchased at auction go to the tanning process. Japan generally imports raw fur direct from the auctions, with the imported fur going to Japanese tanneries for processing. However, recent times saw an increase in imports of fur products, which has already been tanned and processed to finished products in China.

Fur is a natural product that possesses certain problems for maintenance and storage, and fur products tend to be a seasonal product. Thus, in the past, apparel of fur skin was usually distributed mainly by specialty companies. In recent years, however, a dramatic increase in low-priced imports from China has attracted a number of companies into the market. In addition, importers began selling the products direct to supermarkets and other large retail stores. This trend greatly intensified price competition in the retail market.

(3) Key Considerations for entering the Japanese Market

Fur product is a type of high-fashion apparel, not ordinary consumable merchandise, and this makes after-sales service extremely important. Importers must make sure they have a complete after-sales service program in place.

Fig. 6 Distribution channels for fur and fur products



8. After-Sales Service

The four main elements of after-sales service are repair, alteration, cleaning and storage. Lager furriers have complete facilities to perform all these functions, but smaller retailers just entering the business often have only limited cleaning and storage capabilities. The increase in sales by non-furriers has led to an increase in all manners of complaints resulting from a lack of basic understanding about fur on the part of consumers. The most common complaints are about fur thinning, discoloration, and moth damage.

Consumers who buy furs while on vacation abroad or order them direct from other countries can obtain more information about repair, alteration, cleaning, storage and other after-sales service needs from the Japan Fur Association.

9. Related Product Categories

The information on leather garments and other leather products (handbags, belts, purses, etc.) is available in the following sections on “II-2 Leatherwear” “II-5 Leather Footwear” and “II-6 Bags” in this guidebook. Japan imposed a tariff quota system for shoes under which some shoes can pass through customs with a very low tariff. Applications must be submitted twice yearly, once in March and again in September, to the International Economic Affairs Division, Trade Policy Bureau, Ministry of Economy, Trade and Industry.

10. Direct Imports by Individuals

There are no restrictions on direct fur imports by individuals other than provisions of the Washington Convention.

11. Related Organization

- Japan Fur Association

TEL: 03-3663-1120 <http://www.fur.or.jp>