No. 14

March 1998

JETRO Japanese Market Report — Regulations & Practices —

Home Textiles

Contents

Introduction 1

I. Market Overview 2
- A. Trends in home textiles' sales, production and import 2
- B. Trends in overseas production 3
- C. Market trend 4

II. Distribution 7
- A. Distribution route 7
- B. Prices 9

III. Import Procedures and Regulations 11
- A. Import system 11
- B. Customs duties 11
- C. Related laws, specification standards and control 11

IV. Market Entry 14
- A. Market needs 14
- B. Access to the Japanese market 17

APPENDIX

Appendix1. Statistics 21

Appendix2. Trade Fairs and Exhibitions 25

Appendix3. Organizations 26
- A. Governmental 26
- B. Industrial organizations 26

Appendix4. Customs Tariff Schedules 28

Yen-Dollar Exchange Rates

Year	Yen/US$
1992	127
1993	111
1994	102
1995	94
1996	109

Source: "International Financial Statistics", IMF

Introduction

Home textiles is a general term for bed linen and other home use fabrics that have both practical and decorative functions, and include sheets, pillowcases, towels, tablecloths, etc. It is broadly classified into bedroom, table, toilet and kitchen linen. Specifically, these items and their import product numbers are:

1. **Bed linen**
   Sheets, pillowcases, etc.
   (HS: 6302.10, 6302.21, 6302.22, 6302.29, 6302.31, 6302.32, 6302.39)
2. **Table linen**
   Tablecloths, place mats, napkins, etc.
   (HS: 6302.40, 6302.51, 6302.52, 6302.53, 6302.59)
3. **Toilet linen**
   Towels, bath mats, covers, etc.
   (HS: 6302.60, 6302.91, 6302.93, 6302.99)
4. **Kitchen linen**
   Kitchen cloths, dish towels, etc.
   (HS: 6302.60, 6302.91, 6302.93, 6302.99)

Originally, many of these items were made of linen, thus the term was used generically for such products as sheets, pillowcases, tablecloths and napkins. Today, however, a variety of fabrics are used to make these goods.

This research focuses on the above four types of products, with raw materials not limited to linen.

Ⅰ. Market Overview

A. Trends in home textiles' sales, production and import.

The value of the total import of home textiles has shown a steady increase from 1992 to 1996. The total import value of bed linen, table linen and toilet/kitchen linen in 1996 was 61.5 billion yen, an increase of 6.4 billion yen over the previous year. (Figure1)

1. Bed linen

Estimated domestic sales amount ※1 of bed linen from 1983 through 1991 showed a growth tendency compared with each preceding year, but from 1992 on it has leveled off compared with 1995 and 1996. The estimated domestic sales amount in 1996 was 353.5 billion yen, a decrease of 16.9 billion yen from the previous year. Sheets and futon covers account for nearly 90 percent of bed linen sales, with sales in 1996 of 114.5 billion yen and 184.5 billion yen respectively. Regarding the trends in annual sales, although sheet sales tended to level off until 1994, sales of futon covers from 1983 through 1991 indicated a tendency to increase compared with each preceding year in conjunction with the diffusion of covering. However, sales in sheets and in futon covers decreased continuously in 1995 and 1996, comparing with each preceding year.

Overall sales in bed linen tends to level off or decrease since 1992. The only item increasing in sales, both in amount and in quantity, is pillow case, though its sales amount is quite low. Pillows designed for health and comfortable sleep have been highly demanded by consumers, who became more health-conscious. This fact lead to the increase in sales of pillow cases along with pillows. (Figure2～5)

The average unit prices of sheets and of all types of covers both showed a tendency to decline in 1993. (Table1)

Looking into the import of bed linen, we find that the import of bed linen remarkably increased in 1994, and although there was a minor decrease in 1995 from the previous year, it increased again in 1996. Imports from Pakistan and the U.S. have increased significantly, but Chinese imports are overwhelmingly in the majority. Imports from China in 1996 reached 23.2 billion yen, or 88.2 percent of the total. China is followed by Pakistan (imports of 581 million yen in 1996), Vietnam (562

※1 Note1: The figures is the total estimated sales for sheets, futon covers, zabuton covers and pillowcases.

million yen) and India (435 million yen). (Figure6)

2. Table linen

Table linen imports are the lowest of all the linen products examined in this study, in both volume and monetary value. Imports gradually increased beginning in 1992, reaching 4.6 billion yen in 1996. Imports from India were most numerous, followed by China, Italy, Germany and France. As importance is attached to the design of table linen, European imports with superior design have caused those countries to be ranked highly . (Figure7)

3. Toilet /Kitchen linen

Towels, the main toilet linen product, have shown a tendency to decrease since 1992 in the both domestic production and distribution volume. (Figure8)

Toilet/kitchen linen imports steadily increased from 1994 to 1996, reaching 30.7 billion yen in 1996. Similar to bed linen, China is the largest exporter of toilet/kitchen linen to Japan, with imports of 21.4 billion yen in 1996, or 69.9 percent of the whole. Imports from Vietnam and Indonesia have also been increasing yearly, with imports of 3.5 billion yen and 1.4 billion yen in 1996. These countries are ranked second and third in the amount of imports. (Figure9)

B. Trends in overseas production.

Reacting to severe price competition and the appreciation of the yen after the collapse of the bubble economy, there is a clear trend for Japanese wholesalers and manufacturers for cost reduction. They are shifting their production sites to Asian countries such as China, where low labor costs mean cheaper products, and re-importing manufactured products to Japan. Overseas production takes many forms, including cases in which a joint corporation is tied up with local enterprises, an independent plant is built or leased, as well as entrusting the operation of the plant to a local enterprise through the arrangement of a trading company. As an example, the planning and designing of towels, the leading toilet linen product, are carried out in Japan, while the production is done overseas with detailed instructions from the Japanese side when the work is intricate.

Apart from cost reduction, what is cited as a reason for overseas production is the manufacturing of hand-woven products with a fine touch using materials that can be procured in those countries. For instance, India produces cotton and the cotton material that can be obtained there is of excellent quality. Further, the textile industry using cotton and other materials has long been prosperous in these countries.

Their products have an exquisite touch that has been achieved through their long history, and which is difficult for other countries to copy. Thus, the production of a certain textile in a specific country can bring out superb features that can hardly be reproduced in Japan. That is the reason for Japanese enterprises to carry out overseas production.

C. Market trend

The following two market developments can be cited as current trends in the home textile market in Japan.

1. Fashion: total living space coordination

The Japanese usually select goods item by item from the viewpoint of function. But for the past few years there has been a trend toward coordination in home interiors, rather than buying individual items, based on aesthetic sense and suiting one's personal life-style. At the present, Japan's home textile industry is overloaded with goods. In that condition, the concept of the total coordination or home fashion was launched by retailers, in an effort to boost their turnover by touting fashionable living in an age of affluence. The idea thus integrates the sales system which traditionally was separated by type of merchandise, such as furniture, bed linen, curtains and kitchen utensils, each kind sold in shops specializing in certain types of ware. Promotion of this concept has resulted in the appearance of home fashion shops, usually featuring brand names, where consumers can buy coordinated household interiors to suit their taste -- everything from furniture and home appliances to bedding and flatware.

Total coordination leads to expanded sales routes. Opening home fashion stores entails tie-ups with other trades, like interior decorators, which in turn produces more suggestions of life-style. Since much of this hinges on brand names, to which the Japanese are so very partial as a status symbol, it is expected that there may be chances for foreign products totally coordinated abroad to do well in the Japanese market.

But the trend toward total coordination, or home fashion, in textile goods has just begun. Moreover, the vast majority of consumers caught up in this trend are young, in their twenties or thirties, and definitely do not constitute the mainstream of buyers. Nor has the concept of total coordination been clarified for the nation's consumers in general. As for the distribution aspect, since home fashion stores have only recently appeared in Japan, departmentalized sales of goods by category remain as before at mass sales, department and specialty stores with few exceptions.

2. Regard for man and the environment

The second trend in Japan's home textile market in recent years is product development taking the environment into consideration. Great importance is now attached to this, and it is not limited only to households. In short, product development today must result in goods that are friendly to human beings and meet the needs of Japan's aging populace and health-oriented society.

a. Friendly to the environment

From the environmental facet, great expectations are placed on a mounting demand for substitute fibers due to the strengthened regulations. It is also expected that establishment of recycling systems leads to a mounting demand for bed linens and interior products. Cited as detrimental to the recycling of fiber products are material diversification and a growing number of goods containing dye and processing agents, etc. In the future, consideration of the environment will become all the more necessary.

b. Friendly to the human body

A health-oriented social climate among men and women of all ages prevails in Japan. There are several reasons for this: the advent of an aging populace, the outbreak of enteropathogenic Escherichia coli (O-157), health problems caused by stress induced by modern living, and an increase of allergic diseases including atopy. Product development to cope with such changes in social environment are being conducted vigorously.

1) Texcube (durable antibacterial fiber)

This fiber retains its antibacterial effect to suppress the propagation of bacteria such as O-157 even after some 400 launderings. After the occurrence of O-157, the demand for strongly antibacterial kitchen utensils and related fiber products has rapidly increased. Representative products include kitchen utensils, dishcloths, dishtowels and toilet seat covers.

2) Antibacterial DEW

This is a non-woven material made of cotton and rayon that has antibacterial and deodorant effects against bacteria like O-157 and salmonella. It has also a mold-repellent effect. Like Texcube, it is used for kitchen and toilet products that value sanitation.

3) Negative ion material

This material makes use of natural ore and includes large amounts of negative ions. It is hard to display, however, owing to the restriction of the Drugs, Cosmetics and Medical Instruments Act. Nonetheless, it is friendly to the human body and used for products like bed sheets that directly touch the body.

4) Deodorant and tobacco deodorant fiber

Certain products contain a deodorant either infused during the manufacturing process or added later and are used for sheets, pillowcases, etc. Along with a deodorant effect,aromatic products of this type have been developed.

5) Measures for a decreasing birthrate and an aging populace

The rapid growth of industry to meet the needs of senior citizens for health and medical care has effected a remarkable expansion of this market. Supporting living environment centered on care, numerous home care product specialty shops offering care goods and services have opened recently. To prepare for the arrival of a truly aged society, a new type of commodity development with focus on bedding and interiors that satisfies the requirements of public health and safety is foreseen.

Judging from the two major trends toward total home coordination and fashion, it appears that the Japanese have taken to following the practice of many affluent citizens of Western nations in this regard too. So, if matters relating to life-style, taste and size are qualified and the requirements met, the Japan market may not be closed to imports. Also, though at present, basically only the young have joined this movement, the number of Japanese thinking this way will gradually expand and no doubt constitute the mainstream in the future.

On one hand, antibacterial deodorizing or tick-repellent properties of products, which should be taking health, safety and the environment into consideration, may actually harm human beings. It has been observed that this fact may be far amiss from the true needs of consumers. Therefore, it becomes important to watch manufacturers' future reconsideration of these properties.

II. Distribution

A. Distribution route

1. Products for general users

The following charts show the home textile products' distribution channels for general consumers.

Chart A. Distribution route for home textile products (except towels)

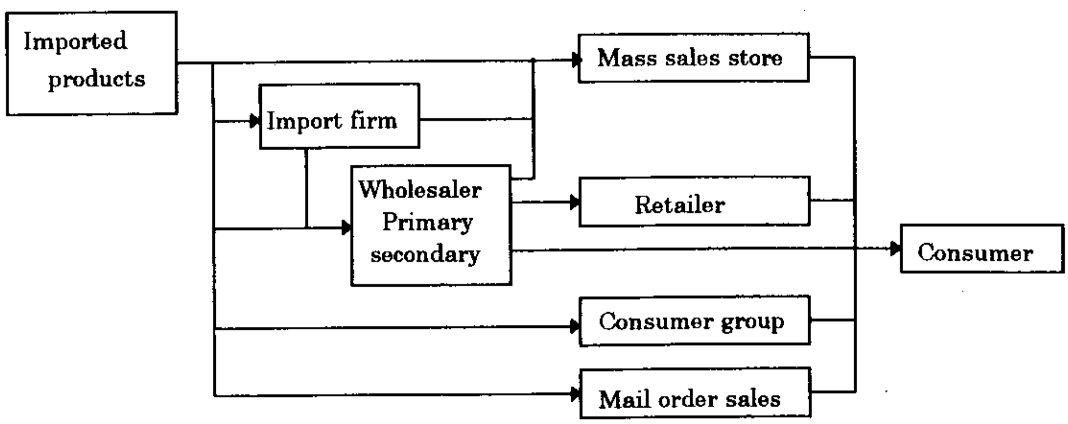
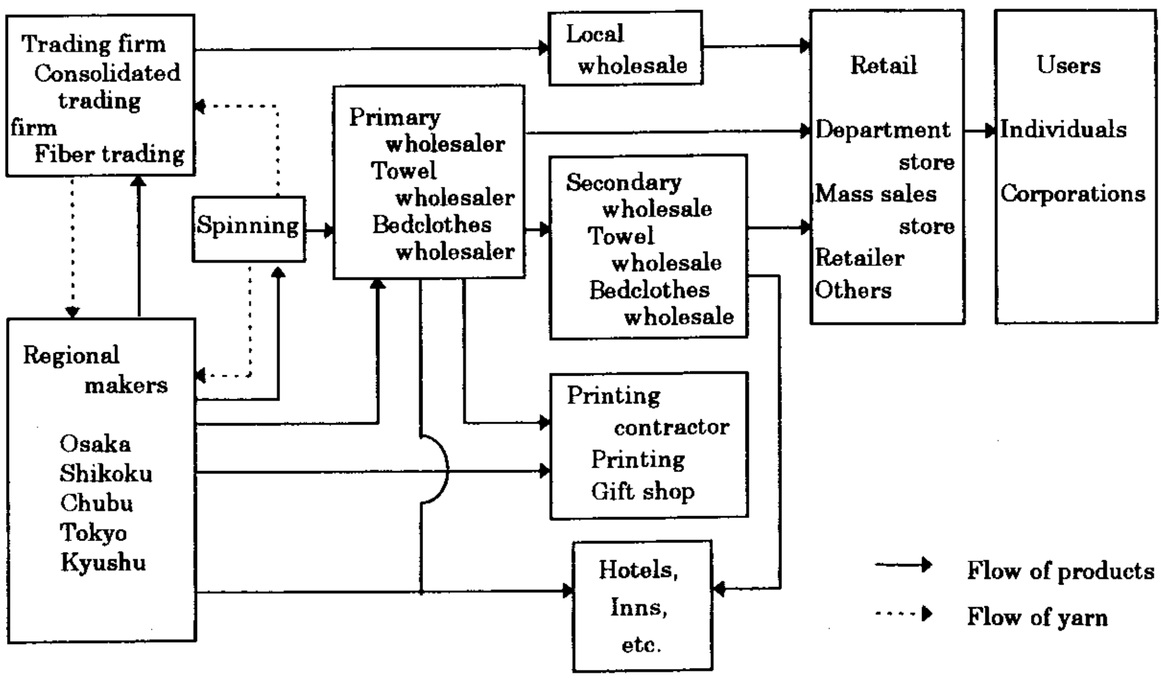


Chart B. Distribution route for towels



With respect to home textile products, there is little difference in the distribution channel between domestic and imported goods. Towels include printing contractors, and thus result in providing many distribution routes. The basic distribution pattern, however, consists of a flow for shops to purchase via trading firms or wholesalers and another to buy directly from makers.

The feature of distributing home textile products is that different distribution and sales routes have been formed for each category of goods: bed linen, table linen, toilet linen (towels) and kitchen linen. As will be explained later, although there is a growing tendency mainly among specialty stores to unite and sell all categories of these goods from the viewpoint of total coordination, the flow according to merchandise type remains as the main distribution and sales channel.

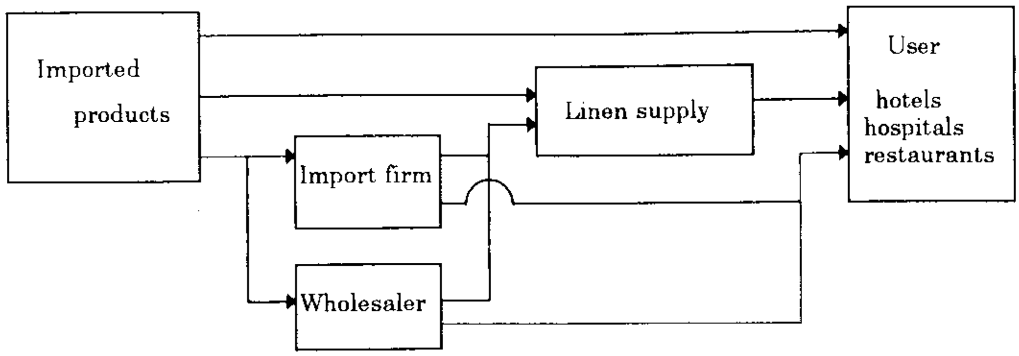
In each commodity market, the merchandising power of wholesalers is strong and that presents a feature of the home textile industry. In the realm of bed linen, voluntary chains (VC) organized by wholesalers have been set up and the power of wholesalers promoting VC is so strong that they have assumed the role of market leader. The toilet linen (towel) industry is also controlled by wholesalers as makers are small in scale and printing copyrights are held by the wholesalers.

While wholesalers function in the role of market leader for each type of goods, they also take over unsold merchandise thereby assuming the task of inventory management. In the textile industry, where wholesalers play the leading role, a change in the distribution channel has been observed lately. As for bed linen, about 55% of the total sales amount derives from mail order thus tending to simplify distribution by omitting primary or secondary wholesalers. Regarding sales routes other than mail order, retailers occupy a 30% share (15% each for specialty stores and department stores). Mass sales stores have 15%, but over-the-counter sales at mass sales and department stores, specialty stores and retail shops have shown a tendency to decrease. While the overall market for bed linen tends to shrink, non-counter sale retailers, such as specialty mail order firms, department store mail order sections and door-to-door sales, have recorded a rapid growth resulting from aggressive marketing tactics. The fact that they have sold the charm of their goods directly to users by showing a catalogue and striking their buying interest has led to the swift expansion of the low-priced merchandise market.

2. Products for dealers

In textile products for commercial use, distribution has the remarkable trait that users such as hotels and hospitals can contract linen services from suppliers in addition to buying directly from makers, wholesalers or trading firms.

Chart C. Distribution route of goods for dealers



B. Prices

Table A lists the types and prices of linen goods sold in Japan.

Table A: Standard prices of linen products (Unit:yen)

Type	Product	Size	Price: Department and specialty stores	Price: Mass sales stores
Bed linen	Sheets (western style)	Single	3,000 4,000～5,000	
	Comforter case (western style)	Single	5,000～6,000 10,000～15,000	～2,000
	Comforter case (Japanese style)	Single	5,000	
	Pillowcases (western style)		2,500～3,000	
Table linen	Tablecloths	130c×170cm	～5,000	～3,500
	Place mats		～1,000	～700
Toilet linen	Bath towel		3,000	1,500～2,000
	Face towel		1,000	500
	Guest towel		500	300
Kitchen linen	Dishcloths		200～300	

1. Price

In the industry of bed linen, keen price competition is taking place. As a result, the quality of bed linen has been lowered by giving too much priority on price. Now, the importance of quality has been reconsidered, but it means not that the price is going up. This phenomenon can be seen in other linen products too. It is particularly desirable that items for daily use, like dishtowels and dishcloths, are inexpensive as semi-expendable.

Trading firms import products manufactured in specific locales and those with low costs, on which trading firms lay more weight. Even though there is a trend in Japan to regard home textiles as fashionable items, they still serve as daily necessities. Thus most of the people in Japan are satisfied with inexpensive home textile products, which means that low cost is important when choosing imported goods, especially those destined for marketing through mass sales stores.

European products generally cost more than Japanese counterparts. As Europe produces high-grade toilet linen products (towels), it often happens that their prices will be roughly twice those of popular goods in Japan. The same holds true for European tablecloths. Still, tablecloths and interior cloths made in Europe feature outstanding design and texture resulting from a very long tradition that Japan cannot duplicate. Therefore, so long as the products are superior, quality-conscious, affluent Japanese consumers will buy them regardless of their price tags. But it deserves mention that such consumers are few, thus high-priced goods cannot sell in large quantities.

2. Margin

Like other products, customs duty, miscellaneous expenses, transportation and domestic charges, costs of distribution and storage, etc. must be added to the cost of the product itself. The retail price of imported home textile products when handled by wholesalers is:

Imported products FOB price	→ Distribution & customs duty 1.4 times the FOB price	Wholesale price Double the FOB price	→	Retail price(upper price) Four times the FOB price

Also, when a trading firm takes part in the import process, it will take a 5 to 8% margin if managing only the import procedures and around a 20% margin when taking part from the planning stage.

III. Import Procedures and Regulations

A. Import system

For the import of home textiles, the following regulations apply to specific products in addition to ordinary import formalities.

Prior confirmation (The Ministry of International Trade and Industry)

Products like bedding made of silk ※2 , etc. require confirmation by the Ministry of International Trade and Industry, etc. that they will not be converted into silk fabric and reused. After this confirmation has been obtained or when a specific document regarding this has been submitted to customs, it is not necessary to gain import approval. This regulation aims to check the import of lightly processed silk items secretly earmarked for use as silk fabric in an effort to evade the import controls on silk.

Reference

Section 2, Paragraph 1, Article 4 of the Import Control Order※3 stipulates that when importing "lap robes, bed linen, table linen, curtains, packing pouches, tarpaulins and other products (called 'silk bed linen, etc.) made of silk, with the exception of silk noil and silk mixed with other fabrics, originating in or shipped from the People's Republic of China intended for reuse after being restored to silk fabric," the confirmation of the Ministry is required.

B. Customs duties

Customs duties for home textile products consist of basic duties (4.5 to 16.8%) and preferential duties (none to 7.2%). (Refer to the material.)

C. Related laws, specification standards and control

1. Household Commodities Quality Indication Law

(The Ministry of International Trade and Industry)

This law, pertaining to household commodities, aims to standardize product descriptions and labeling to prevent ambiguity and falsification. This law applies

---

※2 Note2: Not Bed, table, toilet and kitchen linen included in Clauses 63.02 and 63.03 excluding lace products or those using lace

※3 Note3: Section 2, Paragraph 1, Article 4 of the Import Control Order (latest revision: December 28, 1994):e 1: "When the relevant product whose place of origin or shipment has been announced publicly according to Paragraph 1 of said Article, those wishing to import the product from such a place" must apply to the Minister of International Trade and Industry according to the procedure stipulated by the Ministry and secure import approval from the Minister.

especially to fabric products whose quality is "very difficult to discern when purchasing" and "deemed necessary in order to identify their quality." These products are limited to those designated by the law. Standard descriptions must include:

① Facts related to quality such as ingredients, property, use, storing method, etc.

② Matters that should be observed by manufacturers, sales firms and contractors regarding the facts stated in ① above.

A drastic reconsideration of the items and the ways of description applying to this law has been conducted since Mar. 1996. The reconsideration is taking the following changes in the status of household commodities into consideration.

① Diversification of products marketed as household goods resulting from technical innovation and a change of life-style

② Improvement in consumers' knowledge of products

③ Enforcement of the Product Liability Law (PL Law)

④ Changes in social environment from deregulation

a. Regulation to indicate the quality of fiber products

This regulation under Household Commodities Quality Indication Law was revised as of October 1, 1997. The following six points are the major contents of revision.

① Deletion of items no longer distributed

② Addition of new items based on distribution status

③ Unified indication of "non-specified fiber"

Before the revision "Non-specified fiber" was shown in parenthesis after the fiber name. According to the revision "Non-specified fiber" must be shown after the fiber name or trademark.

④ Change in writing specific items (in Japanese) for clarity (e.g., Table kake - Table KAKE [tablecloth])

⑤ Indications in English and more products indicated in English

⑥ Addition of products that can be indicated in Japanese katakana terminology

In the process of revising the indication rule, it was decided to delete size, elasticity and incombustibility from matters to be shown. Indicating size had been voluntarily based on Japanese Industrial Standards (JIS) even in context with garments where there had been no obligation to show it, and it was deemed that by omitting mention of size would not affect matters since it was assumed that this information would be furnished to consumers anyway. And in fact consumers usually decide on what to buy after confirming quality by reading the voluntary data presented on labels. Without some sort of quality indication, consumers would not buy a product any more than they would an object that did not have a price tag. Whether or not the product was covered by the quality indication law, a maker's providing information on quality was indispensable if they wanted to sell fiber goods. By the same token, voluntary indication concerning elasticity and incombustibility could be expected, thus omitting such facts from the list of what must be shown would have little or no effect. This, then, is why they were deleted from the regulation.

Regarding the addition of items bearing indications in katakana,* a transition period of two years or so was to be allowed considering the needs and status of manufacturers and distributors.

b. Approved number system

The approved number system of fiber products was applied to specific goods made of fiber or processed plastic and miscellaneous industrial ware whereupon the indication would bear a number specified by the Minister of International Trade and Industry instead of his name and label when it was hard to show them. However, to obtain approval of this, the matter had to be referred to the Ministry of International Trade and Industry in addition to observing other laws. Therefore, the rule was abolished on October 1, 1997 and it was decided that thereafter the manufacturer should indicate its name, address and/or phone number. A three-year transition period applies to the approved number system.

2. WTO Fiber Agreement and fiber safeguard measures
(Ministry of Foreign Affairs)

A safeguard measure is one enforced temporarily when the import of a certain product increases rapidly, thereby posing a threat to domestic industry that makes a similar or otherwise competitive product, specifically by boosting the import tariff beyond the designated amount of duty or limiting the volume of imports. The WTO Agreement stipulates that all fiber products will be integrated into the 1994 GATT Agreement by December 31, 2005, together with effecting an interim safeguard measure until then. Fiber products covered by the 1994 GATT Agreement will be applied with a general safeguard measure as stipulated in Article 19 of the Agreement.

Ⅳ. Market Entry

A. Market needs

There is a difference in culture and life-style between countries thinking to export home textiles to Japan and Japan, the receiving side. When exporting to Japan, one must first collect information on the traditional culture and life-style of Japan, so different from the West, and develop goods acceptable to Japanese culture.

Status of the Japanese market

Taking into account the features of home textile products in Japan classified by category, the following should be noted when foreign products are to be exported to Japan.

1. Points to Note on Each Categorized Product

a. Bed linen

Of the home textile goods covered by this research, bed linen seems to reflect Japanese culture the most.

In the realm of slumber, the futon* (sleeping pad laid on tatami mat in lieu of a bed) once dominated. But now, with the westernization of life-style progressing, the futon and bed coexist.

1) Style

The characteristics of bed linen in Japan are that for the most part there are two types, one for futons, the other for beds. Shiki-buton,* or the pad on which a person sleeps, is much thinner than a bed mattress, thus two types of sheets are on sale: one for futons, the other for beds.

2) Size

The bed size preferred in Japan differs from that in other countries. In the West and elsewhere in Asia, double beds are the mainstream. In Japan, however, twice as many single beds (50% of the total) are sold than double beds (25% of the total number of beds sold) with respect to size. Consequently, foreign firms eager to export bed linen to Japan should focus on sheets intended for single beds.

3) Material

The Japanese like cotton not only for bed linen but for other uses too. Cotton-mixed fabric has appeared on the market to a considerable extent, but when compared with other countries like the United States, where mixed fabrics featuring a fifty-fifty cotton and polyester combination seem to dominate, in Japan the distribution volume of such mixed materials is quite small.

4) Pattern

Patterned and brand name products are popular in Japan. But reportedly most bed linens manufactured abroad lack a pattern, thus studies on this should be made before attempting to export to Japan.

As explained, when foreign firms export products intended for their domestic market to Japan, the size, material and pattern, if any, often do not fit in with the needs of the Japanese market. Consequently, it has become a general practice in Japan to enter into a license agreement with the overseas makers of brand name goods and carry out production in Japan. This assures that the goods produced satisfy the taste of Japanese consumers. That is the present trend of Japan's home textile industry, although there are cases wherein special orders are placed with foreign firms to manufacture certain products in Japanese sizes, after which they are imported.

b. Table linen

1) Style

A factor for consideration is that the round tables in addition to the rectangular variety are popular in many countries, but in Japan the latter is preferred.

2) Size

With tablecloths, the most popular size in Japan is that for a table size for four, the dimensions being 130cm x 170cm, while the leading size overseas, with Europe as the center, is 150cm to 170cm wide and 240cm to 300cm long, much larger than that in Japan. Conversely, the size of cloths for side tables, etc. used in Japan measures 100cm x 100cm, while in other countries 80cm x 80cm is the usual size. Thus, again, when wishing to export tablecloths and side table cloths to Japan, foreign firms should choose products of the size preferred in Japan.

3) Material

Tablecloths and place mats of the wrinkleproof non-iron type made of synthetic fiber are mainly used. Of the products manufactured abroad, India's hand-woven towels are highly rated for the touch to the skin making one feel warm.

4) Pattern and Design

With tablecloths, a demand for plain cloths is greater than that of the patterned cloths.

A demand for interior cloths and doilies with European traditional embroidery and cut work is little, but those products are demanded by a few of quality-conscious and affluent consumers.

5) Special Processing

Special processing unique to Japan is required. , and water- repellent processing to prevent soiling from food or other causes has become mandatory. Incombustibility is also required for commercial-use products.

In Europe treated water-repellent products are on the market. But the effect is lost after laundering three or four times, making a great difference in quality between European and Japanese products that do not lose the effect even after fifty launderings. Thus, although the effect may be similar, the need remains to provide the quality sought by Japanese consumers.

c. Toilet linen

1) Material

The basic functions of toilet linen, as represented by towels, are water absorption and the touch to the skin. Towels made of pure cotton are required. The demand abroad is the same as that in Japan.

2) Direction and Way of Thinking

Even when satisfying basic needs, common throughout the world as a prerequisite, there is still a different way of thinking with respect to toilet linen in Japan as shown below.

Country /region	Direction, way of thinking
Japan	Products are mainly for gifts but they do not exceed the scope of daily necessaries.
Europe	Special products suiting one's aesthetic taste which can be used for a long time. Durable materials are used.
America	Being for practical use, durable products are required. Very few towels have a pattern and at most have a color variation.

Although there is little demand for high-grade goods of this type in Japan, there is quite a bit of product diversification with respect to brands and patterns to suit individual taste.

3) Special Processing

Recently, the brand-oriented pattern has been changing. Also, certain products have an antibacterial function and agnate features to set them apart from other goods, but their market share is judged to be less than ten percent.

d. Kitchen linen

With dishcloths and dishtowels, there is no special style or material peculiar to Japan. In relation with sanitary matter, antibacterial and deodorant processing features have become indispensable for dishcloths and dishtowels.

2. Quality

Japanese consumer demands for quality are strict. In this context, slightly soiled products or those with torn wrapping, that are considered satisfactory abroad, are treated as inferior in Japan. With home textile products in particular, special care should be taken with respect to frays incurred during the sewing process. Rigid quality inspection prior to shipment must be conducted.

3. Total Coordination

As stated, the concept of total coordination and home fashion is likely to spread in Japan. With the condition of noting some points on each category, such as style, size, material, pattern, design and special processing, products with the concept of total coordination may possibly be accepted widely in the future.

B. Access to the Japanese market

As stated, in the home textile market the difference in culture forms a major obstacle when trying to export to Japan. Therefore, gaining information becomes important when approaching the market in Japan.

For obtaining information, the following methods are considered effective.

1. Place to contact

a. Trading firms

Consolidated and specialty trading companies have many contacts with wholesalers, thus the sales channel for imports can greatly expand by including a trading firm. Even though Japan's home textile trade structure is vertical, big trading companies can deal with products collectively. In this, launching an attempt to export to Japan can be effective by first approaching a trading firm. The information they can provide should be highly beneficial.

b. Wholesalers

Since wholesalers lead Japan's home textile market, sales approaches should first be made to them. Even when goods earmarked for export to Japan are deemed inappropriate for its market, valuable advice may be obtained concerning what must be done to make them acceptable.

It should be kept in mind that Japan's home textile trade consists of vertical structure of segmented goods categories, and wholesalers differ depending on the type of product they handle. This makes it necessary to first clarify the category of merchandise to be exported to Japan.

Certain wholesalers maintain buying offices abroad. To consult their representatives in advance can prove to be quite worthwhile.

c. Mass sales stores

Mass sales stores managed by supermarkets should be mentioned also as a place to contact, since most of them import goods directly. Brand name products from America, England and Australia are imported directly by major supermarkets. Their colors and designs, not seen in products manufactured in Japan are accepted by consumers.

2. Market participation of SPA

The trend is toward total coordination in the field of home textile, not only in the present, but also in the future. From this, it can be assumed that specialty retail stores coordinating personal appointments, or SPAs, advocating clear and accurate concept for total coordination will have more chances to join the Japanese market.

However, concerning total coordination products, it is a possibility they may not be accepted in Japan as easily as they are abroad, and this necessitates an in-depth study of the Japan market. In fact, there have been cases where firms that undertook SPA business operations in Japan were forced to close since they had not prepared goods conforming to Japanese size requirements. This shows that it is necessary to research the nature of the market in Japan, when approaching it. Moreover, to gain information on the kind of goods the Japanese prefer, contact with leading trading companies or other points of information is essential. One cannot expect to blindly offer one's wares to Japan and expect to sell them.

3. Exhibitions & trade fairs

Last year a Home Textile Exhibition of Southeast Asian Countries was held in Japan, prior to which Japanese specialists visited the participating nations for market research. Firms recommended by the export promoting organizations of each country took part in the exhibition, and the major products shown were cushion covers, table and bed linen, among others. Making use of such opportunities, foreign enterprises that have not started business in Japan can get a chance to do so. And as Japanese experts visit participating countries prior to the show, the companies located there can learn whether or not their goods match the needs of the Japan market. As in the case of any trade fair, persons affiliated with whatever the industry invariably visit, thus affording valuable opportunities to join the Japan market. There are also many ways to secure data on Japan, its goods and markets.

Not only trade fairs in Japan but also those held abroad serve as points of access to the Japan market. Many Japanese buyers are sent to such exhibitions in search of likely products to import. It often happens that business talks are held on the spot, making it important to participate in these exhibitions.

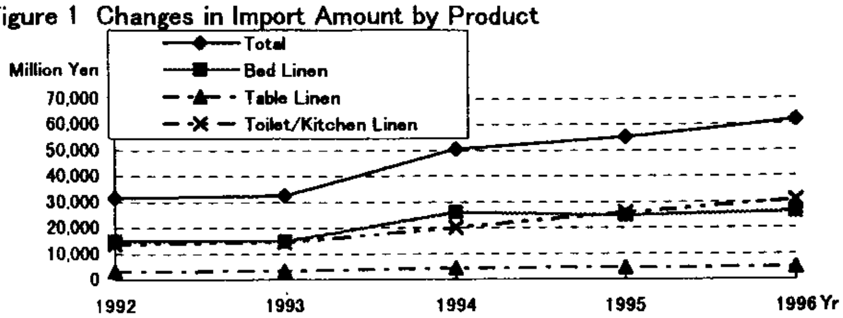
4. Foreign organizations in Japan

Another potential means of access to the Japanese market is to collect information on its needs and trend by making use of embassies and chambers of commerce and industry in Japan. These organizations are obligated to support the commercial interests of their own country. In particular, as the chambers of commerce and industry are in direct contact with the industrial sector of their own country, strong support can be expected from them. Taking part in exhibitions or other functions sponsored by these organizations can be cited as a viable means of access to the Japan market.

Appendix

Appendix 1. Statistics

Figure 1 Changes in Import Amount by Product



Unit: Million Yen

Year		1992	1993	1994	1995	1996
Total Amount of Import		31,541	32,488	50,390	55,135	61,533
	Bed Linen	14,918	14,920	26,033	24,790	26,257
	Table Linen	2,950	3,274	4,309	4,422	4,615
	Toilet/Kitchen Linen	13,673	14,294	20,048	25,924	30,661

Source: The Ministry of Finance (edited) "Japan Exports & Imports Commodity by Country"

Figure 2 Estimated Domestic Sales of Bed Linen in Amount※4

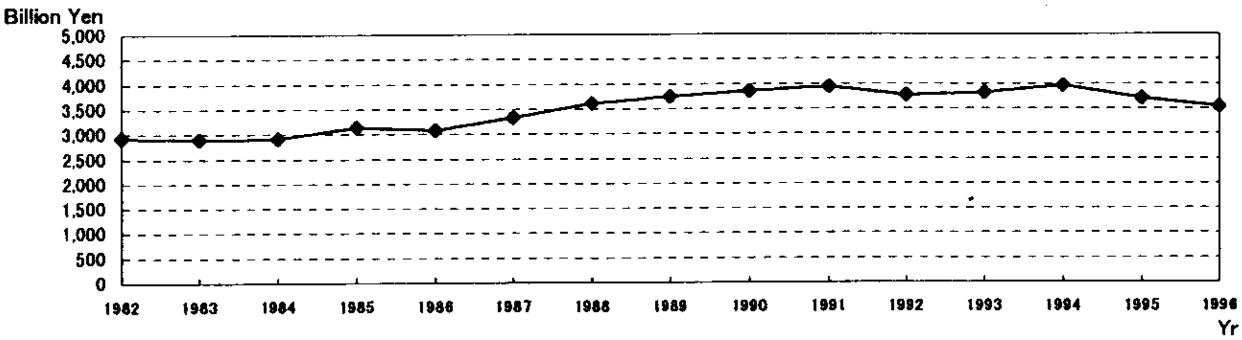
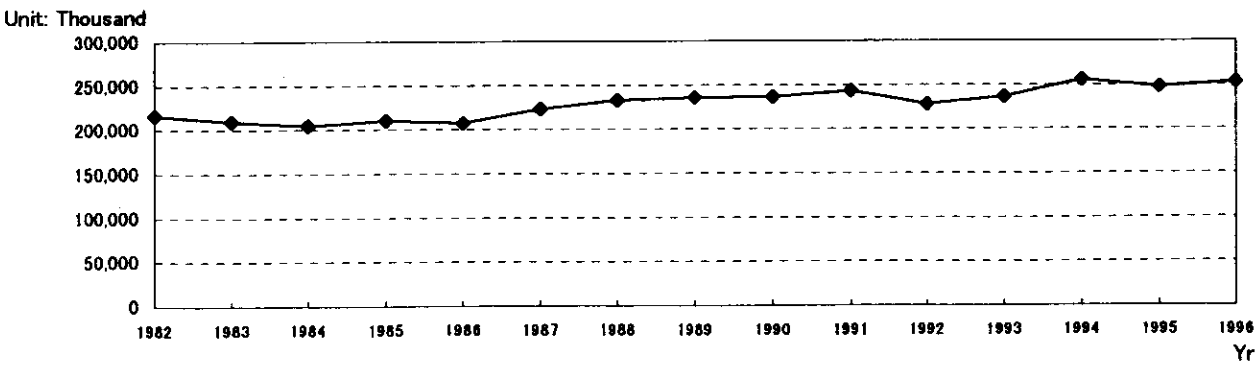


Figure 3 Estimated Domestic Sales of Bed Linen in Quantity



Unit: Billion Yen, Thousand

Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Amount	2,914	2,888	2,903	3,139	3,079	3,325	3,604	3,738	3,849	3,939	3,768	3,811	3,956	3,704	3,535
Quantity	215,975	209,252	204,337	209,697	207,090	223,220	232,411	235,431	236,317	243,148	228,057	235,717	255,045	247,940	252,570

Note 4 Sum of estimated sales of sheets, futon covers, zabuton covers, and pillow cases.
Source: Shinso Living Times Co., Ltd. "Shinso·Interior Management 1998"

Figure 4 Estimated Sales of Bed Linen by Item (in Amount)

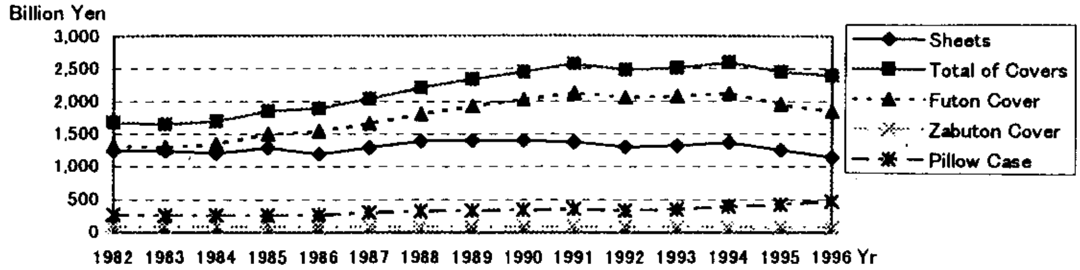
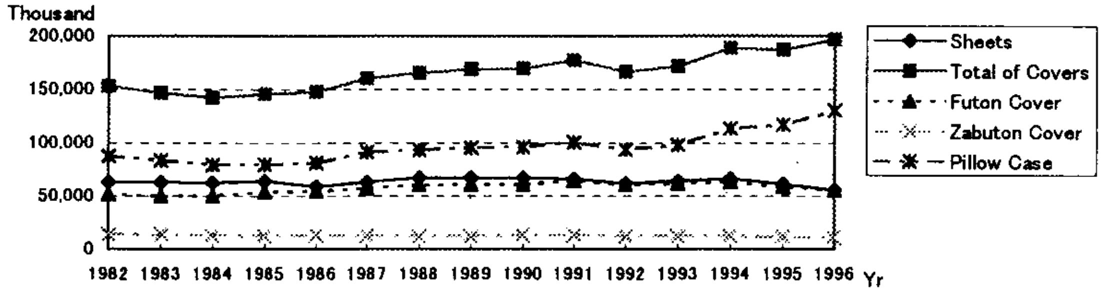


Figure 5 Estimated Sales of Bed Linen by Item (in Quantity)



Unit: Billion Yen, Thousand

Year	Sheets		Total of All Covers							
					Futon Cover		Zabuton Cover		Pillow Case	
	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity
1982	1,241	63,002	1,673	152,973	1,314	51,826	93	14,061	266	87,086
1983	1,239	62,687	1,649	146,565	1,295	49,633	92	13,705	262	83,227
1984	1,209	62,311	1,694	142,026	1,346	49,852	89	12,837	259	79,337
1985	1,287	64,030	1,852	145,667	1,502	53,643	88	12,630	262	79,394
1986	1,189	59,154	1,890	147,936	1,535	54,448	86	12,276	269	81,212
1987	1,288	62,829	2,037	160,391	1,653	57,010	83	12,205	301	91,176
1988	1,394	66,700	2,210	165,711	1,800	60,261	85	12,593	325	92,857
1989	1,397	66,844	2,341	168,587	1,922	60,703	86	12,741	333	95,143
1990	1,398	66,922	2,451	169,395	2,022	60,830	87	12,761	342	95,804
1991	1,373	65,763	2,566	177,385	2,119	63,745	89	13,078	358	100,562
1992	1,293	61,630	2,475	166,427	2,055	60,441	85	12,463	335	93,523
1993	1,312	63,813	2,499	171,904	2,067	61,536	86	12,628	346	97,740
1994	1,358	66,155	2,598	188,890	2,115	63,100	85	12,510	398	113,280
1995	1,255	61,140	2,449	186,800	1,950	58,600	76	11,300	423	116,900
1996	1,145	55,800	2,390	196,770	1,845	55,400	74	10,900	471	130,470

Source: Shinso Living Times Co., Ltd. "Shinso・Interior Management 1998"

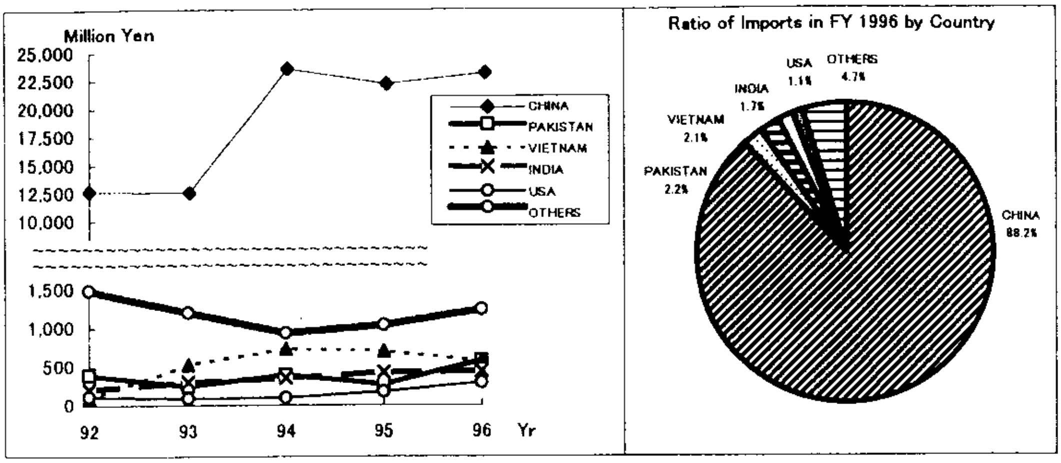
Table 1 Estimated Sales of Bed Linen in Unit Price

Unit: Yen

Year	Sheets	Futon Cover	Zabuton Cover	Pillow Case
1982	1,970	2,535	661	305
1983	1,976	2,609	671	315
1984	1,940	2,700	693	326
1985	2,010	2,800	697	330
1986	2,010	2,819	701	331
1987	2,050	2,899	680	330
1988	2,090	2,987	675	350
1989	2,090	3,166	675	350
1990	2,089	3,324	682	357
1991	2,088	3,324	681	356
1992	2,098	3,400	682	358
1993	2,056	3,359	681	354
1994	2,053	3,352	679	351
1995	2,053	3,328	673	362
1996	2,052	3,330	679	361

Calculation done by DKR, based on the data from "Shinso・Interior Management 1998" by Shinso Living Times Co., Ltd.

Figure 6 Import Amount of Bed Linen by Country

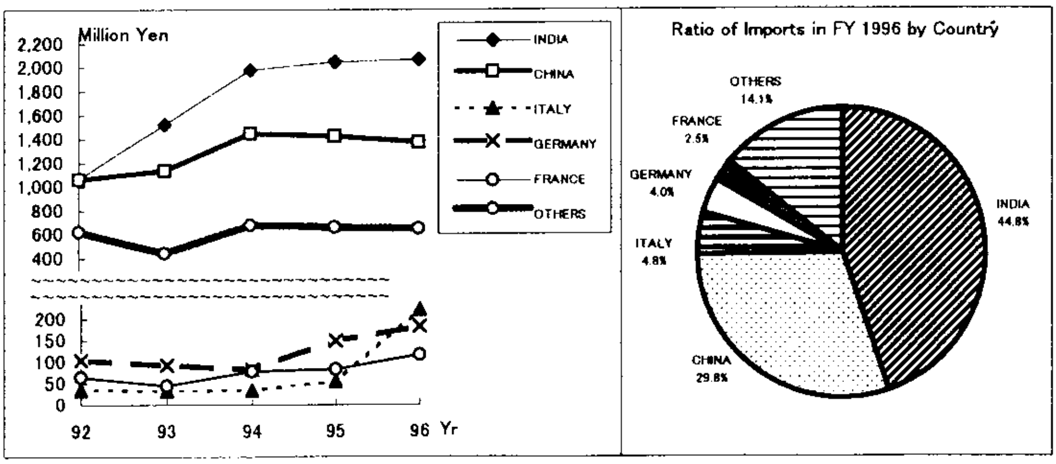


Unit: Million Yen

Year	92	93	94	95	96
CHINA	12,650	12,572	23,547	22,191	23,156
PAKISTAN	394	245	388	269	581
VIETNAM	84	520	723	696	562
INDIA	201	299	351	425	435
USA	107	88	96	175	288
OTHERS	1,483	1,196	928	1,034	1,235
TOTAL	14,918	14,920	26,033	24,790	26,257

Source: The Ministry of Finance (edited) "Japan Exports & Imports Commodity by Country"

Figure 7 Import Amount of Table Linen by Country

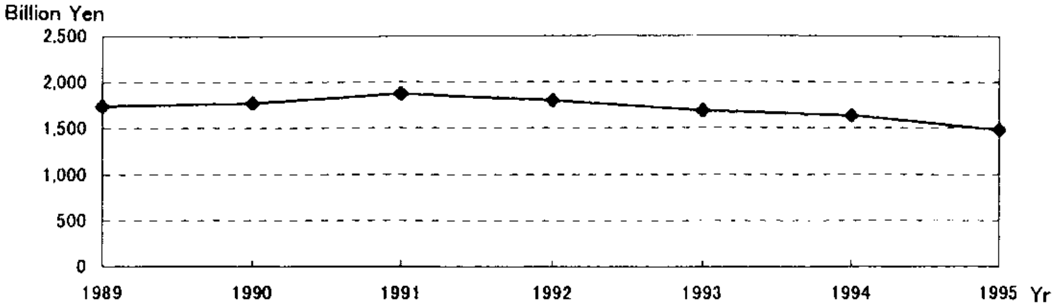


Unit: Million Yen

Year	92	93	94	95	96
INDIA	1,062	1,520	1,982	2,047	2,067
CHINA	1,063	1,137	1,451	1,425	1,376
ITALY	34	33	35	53	222
GERMANY	103	93	82	150	184
FRANCE	65	45	78	83	116
OTHERS	623	446	681	664	650
TOTAL	2,950	3,274	4,309	4,422	4,615

Source: The Ministry of Finance (edited) "Japan Exports & Imports Commodity by Country"

Figure 8 Total Amount of Domestic Shipment for Towels

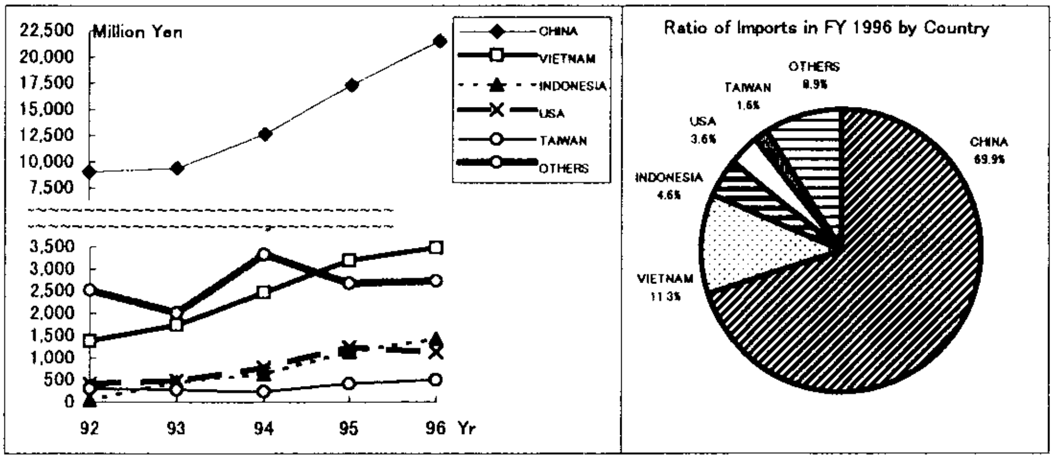


Unit: Billion Yen

Year	1989	1990	1991	1992	1993	1994	1995
Total Amount	1,736	1,774	1,873	1,795	1,689	1,632	1,481

Source: Industrial statistics by the Ministry of International Trade and Industry

Figure 9 Import Amount of Toilet/Kitchen Linen by Country



Unit: Million Yen

Year	92	93	94	95	96
CHINA	9,028	9,361	12,620	17,299	21,438
VIETNAM	1,370	1,726	2,461	3,184	3,476
INDONESIA	45	455	626	1,128	1,415
USA	408	479	777	1,232	1,113
TAIWAN	305	270	237	405	489
OTHERS	2,517	2,003	3,327	2,676	2,730
TOTAL	13,673	14,294	20,048	25,924	30,661

Source: The Ministry of Finance (edited) "Japan Exports & Imports Commodity by Country"

Appendix 2. Trade Fairs and Exhibitions

1. JAPAN TEX '99

1) Secretariat: Nippon Interior Fabrics Association
6F Fukuda Bldg. 2-3-23 Hamamatsu-cho, Minato-ku, Tokyo 105-0013
Tel: +81-3-3433-4521 Fax: +81-3-3433-7860
Internet URL: http://www.ksp.or.jp/nif/

2) Next show: February 3 - 6, 1999
3) Frequency: Every year
4) Venue: Tokyo Big Sight (Tokyo International Exhibition Center)

2. International Houseware Show (IHS) '98 Tokyo

1) Secretariat: Japan General Merchandise Promotion Center
15F Sunshine 60, 3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6015
Tel: +81-3-3639-8881 Fax: +81-3-3639-8880

2) Next show: June 25 - 27, 1998
3) Frequency: Every year
4) Venue: Tokyo Big Sight (Tokyo International Exhibition Center)

3. The 27th International Hotel and Restaurant Show

1) Secretariat: c/o Convention Division, Japan Management Association
3-1-22, Shiba-Koen, Minato-ku, Tokyo 105-0011
Tel: +81-3-3434-1243 Fax: +81-3-3434-8076

2) Next show: May 1999 (Details undecided)
3) Frequency: Every year
4) Venue: Tokyo Big Sight (Tokyo International Exhibition Center)

4. Tableware Festival '99

1) Secretariat: Tokyo Dome Secretariat of Tableware Festival
1-3, Koraku, Bunkyo-ku, Tokyo 112-0004
Tel: +81-3-3817-6239 Fax: +81-3-3817-6238

2) Next show: May 1 - 10, 1999 (Tentative)
3) Frequency: Every year
4) Venue: Tokyo Dome

5. The 23th Osaka International Trade Fair

1) Secretariat: Osaka International Trade Fair Commission
1-5-102, Minami-Kohoku, Suminoe-ku, Osaka-shi, Osaka 559-0034
Tel: +81-6-612-1042 Fax: +81-6-612-8585
Internet URL: http://oitfc.fair.or.jp)

2) Next show: April 24 - 29, 1998
3) Frequency: Every year
4) Venue: International Exhibition Center Osaka (Intex Osaka)

Appendix 3. Organizations

A. Governmental

1. Textile Products Division, Consumer Goods Industries Bureau, Ministry of International Trade and Industry

1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo 100-0013
Tel: +81-3-3501-0969 Fax: +81-3-3501-0316

2. Consumer Protection Division, Industrial Policy Bureau, Ministry of International Trade and Industry

1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo 100-0013
Tel: +81-3-3501-1905 Fax: +81-3-3580-6407

B. Industrial Organizations

1. Related associations

a. Nippon Interior Fabrics Association

6F Fukuda Bldg., 2-3-23, Hamamatsu-cho, Minato-ku, Tokyo 105-0013
Tel: +81-3-3433-4521 Fax: +81-3-3433-7860

b. Japan General Merchandise Promotion Center

15F Sunshine 60, 3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6015
Tel: +81-3-3639-8881 Fax: +81-3-3639-8880

c. Japan Interior Industry Association

8F Kurihashi Bldg, 3-13-5, Shinjuku-ku, Tokyo 160-0022
Tel: +81-3-5379-8600 Fax: +81-3-5379-8605

2. Bed linen

a. All Japan Bedding Goods Association

2-3-11, Yaesu, Chuo-ku, Tokyo 104-0028
Tel: +81-3-3281-2679 Fax: +81-3-3281-1720

b. Federation of Japan Textile Fabric Wholesalers Associations

7F Toori Kempo Kaikan, 1-9-6, Horidome-cho, Nihombashi, Chuo-ku, Tokyo 103-0012
Tel: +81-3-3663-2101 Fax: +81-3-3661-5430

3. Toilet linen

Tokyo Taoru Oroshishogyo Kumiai
(Federation of Tokyo Towel Wholesalers Associations)

4F Nihon Towel Kaikan, 3-4-5, Ningyo-cho, Nihombashi, Chuo-ku, Tokyo 103-0013
Tel/Fax: +81-3-3663-3584

4. Distribution-related

a. Japan Department Stores Association

Yanagiya Bldg., 2-1-10, Nihombashi, Chuo-ku, Tokyo 103-0027
Tel: +81-3-3272-1666 Fax: +81-3-3281-0381

b. Japan Chain Stores Association

Toranomon 40 Mori Bldg., 5-13-1, Toranomon, Minato-ku, Tokyo 105-0001
Tel: +81-3-3433-1290 Fax: +81-3-3433-1297

5. Others

a. Japan Linen Supply Association

Yamamoto Bldg., 1-11-9, Kayaba-cho, Nihombashi, Chuo-ku,
Tokyo 103-0025
Tel: +81-3-3666-6571 Fax: +81-3-3666-6572

b. Nippon Byoin Shingu Kyokai (Japan Hospital Linen Supply Association)

No.6 Higashi Bldg. 401, 2-7, Kanda Sakuma-cho, Chiyoda-ku,
Tokyo 160-0022
Tel: +81-3-3862-4088~9 Fax: +81-3-5862-5650

c. Japan Textile Wholesalers Inspection Institute Foundation

8-10, Tomizawa-cho, Nihombashi, Chuo-ku, Tokyo 103-0006
Tel: +81-3-3662-4830 Fax: +81-3-3663-6460

d. The Japan Towel Inspection Institute Foundation (JTIF)

3-4-5, Ningyo-cho, Nihombashi, Chuo-ku, Tokyo 103-0013
Tel: +81-3-3663-1091 Fax: +81-3-8666-1370

e. Japan Fire Retardant Association

Koyo Bldg., 4-6-7, Nihombashi Honmachi, Chuo-ku, Tokyo 103-0023
Tel: +81-3-3246-1661 Fax: +81-3-3271-1692

Appendix4, Customs Tariff Schedules

No. (HS)		Description	Rate of Duty: General	WTO ~ 12/31/98	WTO 1/1/99 ~	Preferential ~ 12/31/98	Preferential 1/1/99 ~	LLDC	Prior Allotment Items
OTHER MADE UP TEXTILE ARTICLES									
63.02		**Bed linen, table linen, toilet linen and kitchen linen:**							
6302.10		**Bed linen, knitted or crocheted**							
	010	1 Containing embroidery or lace, or figured	16.80%	14.40%	13.90%	7.20%	6.95%	Free	*
	090	2 Other	11.20%			5.60%		Free	*
		Other bed linen, printed:							
6302.21	000	**Of cotton**	4.50%			2.25%		Free	
6302.22		**Of man-made fibres**	6.40%						
	010	Of nonwovens				Free		Free	
	090	Other				3.20%		Free	
6302.29		**Of other textile materials**							
	010	1 Of flax or ramie	9.60%			4.80%		Free	
	020	2 Other	6.40%			3.20%		Free	
		Other bed linen:							
6302.31	000	**Of cotton**	4.50%			2.25%		Free	
6302.32		**Of man-made fibres**	6.40%						
	010	Of nonwovens				Free		Free	
	090	Other				3.20%		Free	
6302.39		**Of other textile materials**							
	010	1 Of flax or ramie	9.60%			4.80%		Free	
	020	2 Other	6.40%			3.20%		Free	
6302.40		**Table linen, knitted or crocheted**							
	010	1 Containing embroidery or lace, or figured	16.80%	14.40%	13.90%	7.20%	6.95%	Free	*
	090	2 Other	11.20%			5.60%		Free	*
		Other table linen:							
6302.51	000	**Of cotton**	9.00%			4.50%		Free	
6302.52	000	**Of flax**	9.60%			4.80%		Free	
6302.53		**Of man-made fibres**	6.40%						
		Containing embroidery or consisting or partly of lace							
	011	Of nonwovens				Free		Free	
	019	Other				3.20%		Free	
		Other							
	091	Of nonwovens				Free		Free	
	099	Other				3.20%		Free	
6302.59		**Of other textile materials**							
	010	1 Of ramie	9.60%			4.80%		Free	
		2 Other	6.40%			3.20%		Free	
	021	Containing embroidery or consisting wholly or partly of lace							
	029	Other							
6302.60	000	**Toilet linen and kitchen linen, of terry towelling or similar terry fabrics, of cotton**	9.00%			4.50%		Free	
		Other:							
6302.91	000	**Of cotton**	9.00%			4.50%		Free	
6302.92	000	**Of flax**	9.60%			4.80%		Free	
6302.93		**Of man-made fibres**	6.40%						
	010	Of nonwovens				Free		Free	
	090	Other				3.20%		Free	
6302.99	000	**Of other textile materials**	6.40%			3.20%		Free	

Note

- General : General rates based on the provisions of Article 3 of the Customs Tariff Law and the Tariff Schedule annexed thereto are described.
- WTO : Concession rates based on WTO Agreement, the provisions of Article 3 of the Customs Law and Article 5 of the Customs Tariff Law are described.
- Preferential : Preferential rates based on the provisions of Article 8-2 of the Temporary Tariff Measures Law and Annexes II, III and IV thereto are described.
- LLDC : These rates are applicable only to the goods concerned originated in the Least Less Developed Countries, based on the provision of paragraph 3 of Article 8-2 of the Temporary Tariff Measures Law.
- Prior Allotment Items : Items based on the provisions of paragraph 5 of Article 8-4 of the Temporary Tariff Measures Law.

Source: "Customs Tariff Schedules of Japan 1998" (Japan Tariff Association)