

12. Lighters

1. Definition of Category

Lighters and lighter components.

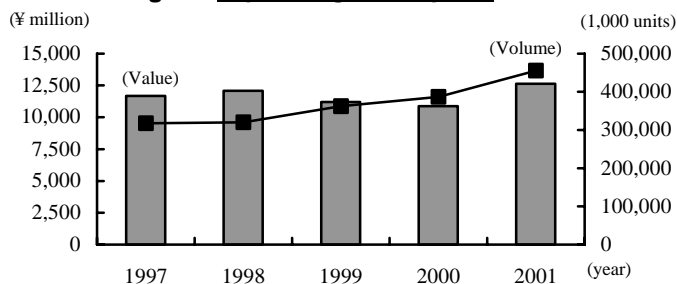
HS Numbers	Commodity
9613.10	Pocket lighter (disposable)
9613.20	Pocket lighters (refillable)
9613.30	Table lighters
9613.80	Other lighters
9613.90	Parts

2. Import Trends

(1) Recent Trends in Lighter Imports

Total lighter imports leveled off or increased slightly on both a volume and value basis in the early 1990s. However, because of the rapid appreciation of the yen, imports began increasing in 1994. Since then, the upward tendency was shown fundamentally. In 2001, total lighter imports reached to 455.4 million units (up 17.7% from previous year, not including parts). Some 81.8% of the lighters imported (372 million units) were low-priced disposable lighters, which account for about 38.4% of imports on a value basis. Although the amount of import for lighters other than disposable type is increasing in five years recently, however, a fall of a unit price is remarkable and amount-of-money-growth is blunt.

Fig. 1 Japan's lighter imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Pocket lighter (disposable)	293,319	5,514	291,444	5,803	314,911	5,158	322,424	4,139	372,378	4,843
Pocket lighters (refillable)	16,130	3,088	21,487	3,200	33,466	3,093	47,998	3,416	63,355	3,992
Table lighters	179	52	196	48	439	99	787	163	669	194
Other lighters	7,881	3,020	6,697	3,020	13,526	2,831	15,676	3,149	18,967	3,591
TOTAL	317,508	11,674	319,824	12,071	362,342	11,181	386,885	10,867	455,369	12,620
Parts	287	619	269	610	193	437	105	221	208	284

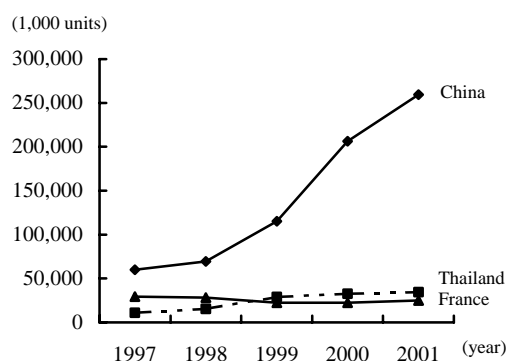
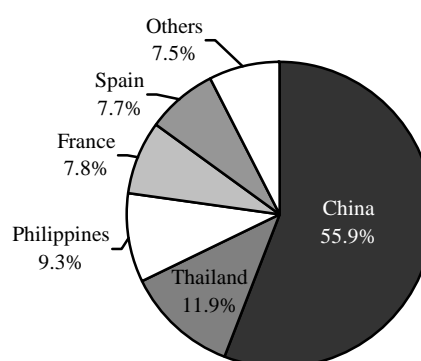
Units: 1,000 units, ¥ million

Note: Volume total in graph does not include parts.

Source: Japan Exports and Imports

(2) Imports by Place of Origin

In three years, from 1999 through 2001, imports from China are increasing rapidly not only disposable lighters but also other type of lighters. Import market share of China in 2001 has reached to 69.7% with the disposable type, 98.6% with refillable gas lighters, and 77.9% with other type of lighters. Other countries are pulled apart completely. China became the leading exporter to Japan, most of whose products are "development imports" produced on specifications by Japanese manufacturers. The production system in China has been fixed quickly in recent years. Imports from France, where the disposable lighter was developed, became declined recently, retreating to the 3rd place.

Fig. 2 Principal exporters of disposable lighters to Japan**Trends in import volume by leading exporters****Shares of disposable lighter imports in 2001 (value basis)**

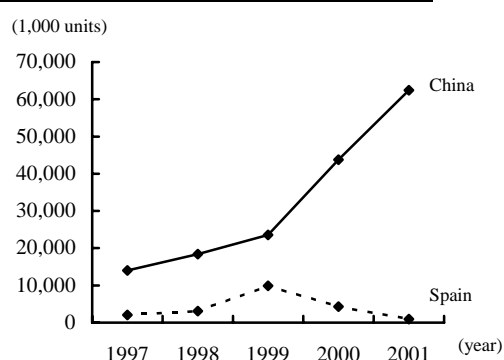
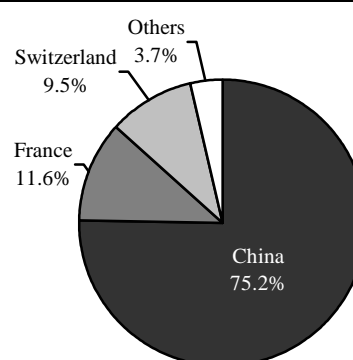
	1997	1998	1999	2000	2001				
	Volume	Volume	Volume	Volume	Value	Volume	Value	Value	
China	59,855	69,350	115,353	206,517	2,009	259,524	69.7%	2,706	55.9%
Thailand	11,017	15,385	28,776	32,616	632	34,276	9.2%	578	11.9%
France	29,236	28,201	22,478	22,301	261	24,805	6.7%	377	7.8%
Indonesia	2,615	9,060	9,600	14,386	151	18,801	5.0%	221	4.6%
Philippines	87,780	84,146	64,377	9,898	334	14,733	4.0%	449	9.3%
Others	102,816	85,304	74,325	36,705	752	20,239	5.4%	512	10.6%
TOTAL	293,319	291,444	314,911	322,424	4,139	372,378	100.0%	4,843	100.0%
(E U)	54,015	57,688	42,673	41,824	714	38,328	10.3%	748	15.4%

Units: 1,000 units, ¥ million

Source: Japan Exports and Imports

With regard to the refillable gas lighters, China held a lion's share of 98.6% on a volume basis, and 75.2% on a value basis. On a value basis, France, Switzerland and other European countries, with a number of expensive brands, have held the relatively high position. (see Fig. 3)

With regard to other lighters, the United States, Japan's leading supplier of oil lighters, has maintained large share (72.4% in value terms in 2001) due largely to the established popularity of the Zippo brand. (see Fig. 4)

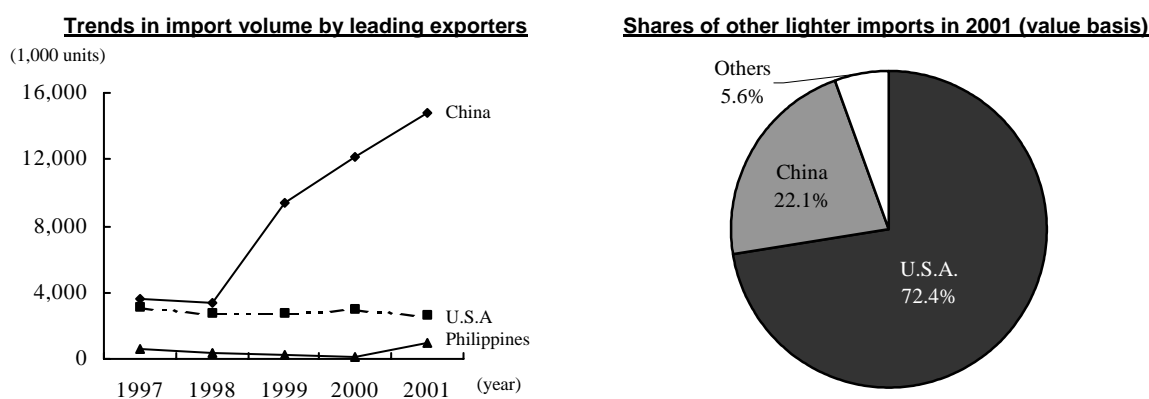
Fig. 3 Principal exporters of refillable gas lighters to Japan**Trends in import volume by leading exporters****Shares of refillable gas lighter imports in 2001 (value basis)**

	1997	1998	1999	2000	2001				
	Volume	Volume	Volume	Volume	Value	Volume	Value	Value	
China	14,056	18,374	23,583	43,737	2,472	62,437	98.6%	3,000	75.2%
Spain	597	581	740	420	8	628	1.0%	16	0.4%
R. Korea	1,306	794	1,611	461	118	149	0.2%	62	1.5%
France	51	31	26	30	365	64	0.1%	463	11.6%
Switzerland	22	18	21	19	283	26	0.0%	381	9.5%
Others	98	1,688	7,485	3,332	169	51	0.1%	70	1.8%
TOTAL	16,130	21,487	33,466	47,998	3,416	63,355	100.0%	3,992	100.0%
(E U)	672	631	804	475	430	707	1.1%	514	12.9%

Units: 1,000 units, ¥ million

Source: Japan Exports and Imports

Fig. 4 Principal exporters of other lighters to Japan



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume	Value	Volume	Value
China	3,596	3,319	9,341	12,120	537	14,781	77.9%	793	22.1%
U.S.A.	3,117	2,769	2,707	3,053	2,459	2,688	14.2%	2,599	72.4%
Philippines	542	394	245	73	7	949	5.0%	40	1.1%
R. Korea	379	117	218	264	92	245	1.3%	79	2.2%
France	13	0	0	70	19	195	1.0%	56	1.6%
Others	233	97	1,015	96	35	109	0.6%	25	0.7%
TOTAL	7,881	6,697	13,526	15,676	3,149	18,967	100.0%	3,591	100.0%
(E U)	92	73	52	109	39	236	1.2%	66	1.8%

Units: 1,000 units, ¥ million

Source: Japan Exports and Imports

China led in exports of parts (with an import share of 82.2% on a volume basis, 44.6% on a value basis in 2001). On a value basis, however, the Netherlands had a sizable 40.4% share of total imports.

(3) Imports' Market Share in Japan

The market has shrunk since the end of the bubble economy in Japan, which caused a decline in demand for lighters for use as premium goods or sales promotion goods. Domestic production has been declining, while imports have been rising. Therefore, the share of imports in the lighter market has been growing considerably.

The Japan Smoking Articles Corporate Association, however, calculates from the manufacturers suggested retail price of imports and domestic products that the share of imports reached 54.4% in 2000. The market share for imports has risen in the last few years, and industry observers expect further increases, mainly in the areas of low-range products and OEM production for Japanese manufacturers. The Association estimated the size of the lighter market at ¥71.5 billion in 2000 (not including desktop lighters or other varieties; MSRP basis). The ratio of refillable to disposable lighters was about 1:2.

Fig. 5 Imports' share in the Japanese market

	1996	1997	1998	1999	2000
Domestic production	15,258	14,123	14,372	12,958	10,365
Domestic Shipment	11,890	10,729	11,114	10,730	9,112
Exports	3,368	3,394	3,258	2,229	1,253
Imports	11,186	11,673	12,071	11,170	10,867
Domestic market total	23,076	22,402	23,185	21,900	19,979
Imports' share	48.5%	52.1%	52.1%	51.0%	54.4%

Units: ¥ million

Source: The Japan Smoking Articles Corporate Association, Japan Exports and Imports

3. Key Considerations related to Importing

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

The High-Pressure Gas Safety Law, in some cases, regulates importation of gas lighters.

1) High Pressure Gas Safety Law

Imports of gas lighters in containers of over 30-cm³ inner volume are subject to the High Pressure Gas Safety Law. However, because the Law does not apply to liquefied gas filled in containers of less than 30 cm³ inner volume ^(Note), almost all lighters are exempt from the regulation. There are no restrictions on oil lighters. Ordinarily no special procedures are required. When importing gas lighters in containers of over 30-cm³ inner volume, please consult the Ministry of Economy, Trade and Industry listed below.

Note: Gas having gauge pressure of not more than 8.1 kg/cm² at a temperature of 35 degrees C which has been designated by the Minister of Economy, Trade and Industry.

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

There are no regulations and requirements at the time of sale for lighters. However, 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.

(3) Competent Agencies

- High Pressure Gas Safety Law

Safety Division, Agency for Nuclear and Industrial Safety, Agency of Natural Resources and Energy,
Ministry of Economy, Trade and Industry

TEL: 03-3501-1511

<http://www.enecho.meti.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

1) Law for Promotion of Effective Utilization of Resources

There are no labeling requirements for lighters or the components thereof. But, 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 lighters or the components thereof.

(3) Voluntary Industry Labeling

<SG Mark>

Hand-held gas lighters are eligible for SG (Safety Goods) Mark designation by the Consumer Product Safety Association. Products that comply with safety criteria established by the Association are eligible to display the SG Mark. When consumers are injured during the use of a SG-approved product, each injured party is eligible to receive up to ¥100 million in damages. The guarantee is only valid, however, for personal injuries.

SG Mark



There are two methods for obtaining compliance certification: the lot inspection method, under which a test facility performs compliance testing on behalf of the Association, or the type approval system, under which Association approval is granted to registered factories. Lot inspection and factory registration may both be conducted abroad.

- Consumer Product Safety Association TEL: 03-5255-3631 <http://www.sg-mark.org>

5. Taxes

(1) Customs Duties

Fig. 6 presents customs duties on lighters. 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. 6 Customs duties on lighters

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
9613	Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks:				
10-000	1. Pocket lighters, gas fuelled, non-refillable	2.6%	(2.6%)	Free	
9613.2	2. Pocket lighters, gas fuelled, refillable	5.1%		Free	
-010	(1) Made of precious metal, metal plated or semi-precious stones, pearls, coral, elephants' tusks or <i>Bekko</i>		(5.1%)		
-090	(2) Other pocket lighter, gas fuelled, refillable		4.3%		
30-000	3. Table lighters	4.1%	3.4%	Free	
80-000	4. Other lighters	4.1%	3.4%	Free	
90-000	5. Parts of lighters	4.6%	3.9%	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

There are two major kinds of imports: Japanese OEM production and inexpensive products, mainly from Asia; and well-designed, brand name products from Europe and the United States. Functionally, domestic and imported lighters do not differ significantly. However, some of the non-OEM products imported from Asia lag behind. The French firm Cricket developed disposable lighters in 1961, and even today the unique round shape of Bic lighters has a definite brand cachet. Other imported lighters use a variety of plastic materials and shapes, although many are imitations of Japanese products.

The market for refillable gas lighters can be divided into two segments: expensive branded products and inexpensive popular items. The former, imported mainly from Switzerland, France, Spain and England, is characterized by sophisticated designs and are viewed as status symbols. Often used as gifts, they have a well-established popularity. Many of the inexpensive (non-OEM) products imported from the Republic of Korea and China are priced at ¥200 to ¥300, which is not much more than disposable lighters.

Unlike hand-held lighters, tabletop lighters are designed to be used as interior decorations and are often purchased as gifts or commemorative items. The vast majority of oil lighters are imported from the United States, thanks to the popularity of the Zippo brand. Recent years have seen a boom in sales to mostly younger consumers, a result of Zippo's casual designs and wind resistance, which fits in well with the current popularity of camping and other outdoor activities.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

Domestic sales of lighters peaked in fiscal 1991 at the height of the "bubble" economy and have been on the decline since. This stagnancy can be attributed to several factors, including a sharp reduction in gifts and promotional demand by companies and eating and drinking establishments following the collapse of the bubble economy, a drop in personal demand for expensive, brand-name refillable lighters, and the saturation of the lighter market itself.

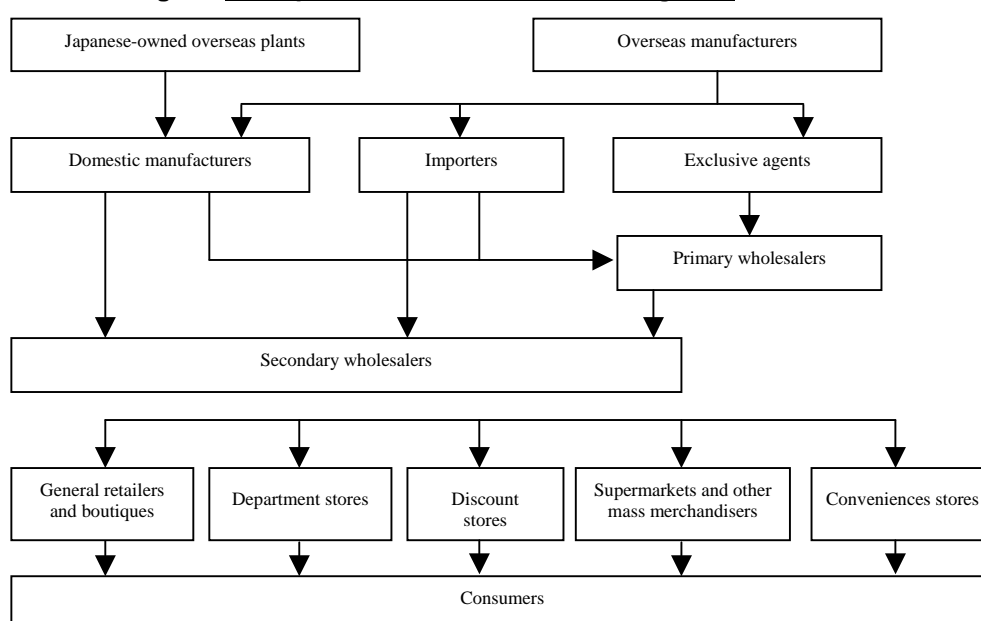
Sales through general retail stores account for 52% of all sales of disposable lighters, whereas the uses for "corporate premiums" account for 48%. Thus, sales promotion represents a major source of demand for disposable lighters.

(2) Distribution Channels

The distribution channels for imported lighters are shown in the following figure. Imports by Japanese lighter manufacturers originate at Japanese factories overseas or foreign companies producing under OEM agreements. They then pass through a primary or secondary wholesaler on their way to retailers. In the case of brand items from Europe or the United States, products generally travel from the foreign manufacturer to an exclusive agent and then to a primary wholesaler. In recent years, a growing number of products are skipping the primary wholesalers altogether in favor of secondary wholesalers or are going directly from the manufacturer to Japanese convenience stores in an effort to cut distribution costs.

Refillable lighters are sold through a variety of retail channels. According to the survey by the Japan Smoking Articles Corporate Association, refillable lighters are distributed through general retailers (21.0% on a value basis), discount stores (18.3%), corporate premiums (13.8%), department stores (12.4%), convenience stores (11.8%), and general merchandisers (10.6%). In contrast, about 80% of disposable lighters are distributed through three channels; as corporate premiums, through general merchandisers and through convenience stores.

Fig. 7 Principal distribution channels for lighters



(3) Key Considerations for entering the Japanese Market

The lighter market is already at or near the saturation point, and any prospective importer must establish good distribution channels and watch inventories carefully in order to succeed.

8. After-Sales Service

Although no after-sales service is required for disposable lighters, manufacturers sometimes set up offices to handle customer claims. In the case of refillable gas lighters, they often provide repair and replacement services, primarily through sales outlets.

9. Related Product Categories

There are no particular legal restrictions on the import or sale of such smoking accessories as pipes, holders, mini-holders, and ashtrays. However, the following restrictions affect the import of gas cartridges for refillable lighters and the sale of replacement oil.

- Gas cartridges: High-Pressure Gas Safety Law
Safety Division, Agency for Nuclear and Industrial Safety, Agency of Natural Resources and Energy, Ministry of Economy, Trade and Industry
- Replacement oil: Fire prevention ordinances
Local fire department

10. Direct Imports by Individuals

There are no restrictions on imports of lighters by individuals.

11. Related Organization

- The Japan Smoking Articles Corporate Association TEL: 03-3845-6121 <http://www.jsaca.or.jp>