

22. Musical Instruments

1. Definition of Category

Musical instruments, component parts and accessories. However, it does not include collector's items or extremely valuable instruments made over 100 years ago.

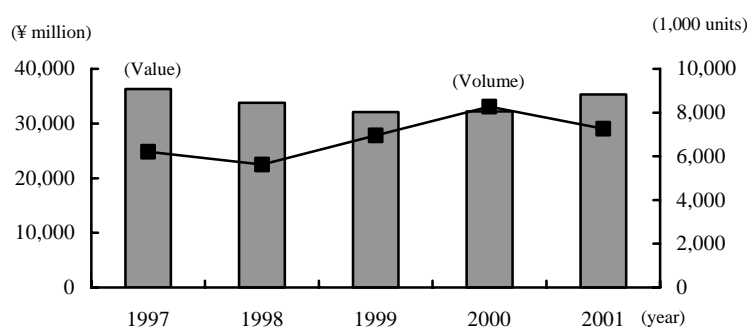
HS Numbers	Commodity
9201	Pianos (keyboard stringed instruments)
9202	Other stringed instruments (with a bow)
9203	Pipe organs (keyboard instruments with free metal reeds)
9204	Accordions and mouth organs
9205	Wind instruments
9206	Percussion instruments
9207	Electric and electronic instruments, etc.
9208	Musical boxes, etc.
9209	Other instruments and parts

2. Import Trends

(1) Recent Trends in Musical Instrument Imports

There are many different kinds of musical instruments and not all instruments have experienced the same growth rate. In 2001, total imports of musical instruments recorded 7.26 million units (excluding parts and accessories) with a decline of 12.3% from the year before, worth some ¥35.3 billion (up 9.6%). In part this may have been a reaction to the strong growth posted in 2000.

Fig. 1 Japan's musical instrument imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Pianos	5	3,292	4	1,806	5	2,177	9	2,268	6	2,738
Other stringed instruments	395	7,893	452	8,175	582	6,751	496	8,755	445	7,988
Pipe organs	0	991	0	1,060	0	169	0	291	0	358
Accordions and mouth organs	610	515	794	645	1,256	1,174	1,771	1,181	1,660	1,190
Wind instruments *	453	5,369	372	4,107	848	3,937	1,723	3,938	1,050	4,283
Percussion instruments*	2,114	2,079	1,460	2,142	1,310	2,033	1,323	1,759	1,124	2,073
Electric/electronic instruments *	1,012	15,094	879	14,818	977	14,430	857	13,146	778	15,915
Other Instruments *	1,616	1,050	1,661	1,036	1,972	1,445	2,097	888	2,199	770
TOTAL*	6,204	36,284	5,623	33,789	6,950	32,115	8,276	32,225	7,260	35,315
Parts & accessories	6,863	10,877	6,501	10,720	5,989	10,140	6,208	9,942	6,710	11,274
TOTAL	*	47,161	*	44,509	*	42,256	*	42,167	*	46,589

Units: piano and pipe organs: units, other instruments: 1,000 units, parts: tons, value =¥ million

Source: Japan Exports and Imports

By product category, items topping the 1.0 million unit mark are accordions and mouth organs, wind instruments and percussion instruments. Electric and electronic instruments make up 45.0% of total musical instrument imports on a value basis, with ¥15.9 billion (up 21.1% from the year before).

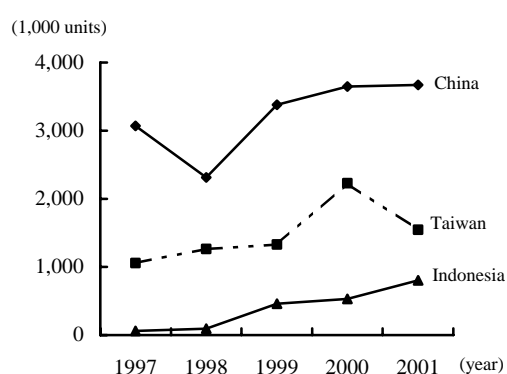
(2) Imports by Place of Origin

Musical instrument imports are polarized between higher-priced imports from Europe and the United States and lower-priced imports from Asian countries/regions. On a volume basis (excluding parts and accessories), China (50.6%), Taiwan (21.3%), and Indonesia (11.1%) led musical instrument imports in 2001. On the other hand, the United States (30.1%) led in imports on a value basis, followed by China (14.1%), Indonesia (11.4%), and Germany (9.0%) among others. Indonesia showed a great gain in 2001, while only Taiwan experienced a substantial decline.

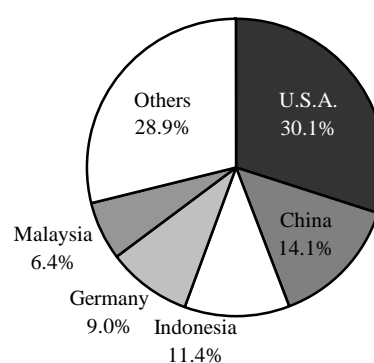
A look at imports by type shows that imports from the United States consist mostly of high quality instruments such as electrical guitars and trumpets and other brass wind instruments, imports from Germany consist mostly of concert use pianos, and imports from France of clarinets and other wood wind instruments. As its parts, imports from China consist mostly of accordions, mouth organs, and low priced percussion instruments, and imports from Taiwan consist of wind and percussion instruments.

Fig. 2 Principal exporters of musical instruments to Japan

Trends in import volume by leading exporters



Shares of musical instrument imports in 2001 (value basis)



	1997	1998	1999	2000		2001		Volume	Value
	Volume	Volume	Volume	Volume	Value	Volume	Value		
China	3,069	2,313	3,382	3,647	4,592	3,670	50.6%	4,981	14.1%
Taiwan	1,055	1,263	1,329	2,226	2,141	1,549	21.3%	1,676	4.7%
Indonesia	62	95	459	531	1,832	802	11.1%	4,042	11.4%
Malaysia	219	205	230	252	2,129	260	3.6%	2,267	6.4%
U.S.A.	200	191	224	221	8,823	227	3.1%	10,637	30.1%
Others	1,598	1,556	1,326	1,400	12,708	752	10.4%	11,713	33.2%
TOTAL	6,204	5,623	6,950	8,276	32,225	7,260	100.0%	35,315	100.0%
(E U)	341	259	376	322	8,203	238	3.3%	8,285	23.5%

Units: 1,000 units, ¥ million

Source: Japan Exports and Imports

Fig. 3 Leading exporters of musical instrument to Japan by category (2001)

	Total volume	First	Share	Total value	First	Share
Pianos	6	R. Korea	32.2%	1,317	Germany	48.1%
Other stringed instruments	445	China	64.2%	7,988	U.S.A.	37.0%
Pipe organs	0.1	Italy	27.9%	358	Germany	34.9%
Accordions and mouth organs	1,660	China	66.8%	1,190	Indonesia	58.6%
Wind instruments	1,050	China	37.9%	4,283	France	37.1%
Percussion instruments	1,124	China	51.0%	2,073	U.S.A.	35.1%
Electric & electronic instruments	778	China	42.7%	15,915	U.S.A.	33.5%
Other Instruments	2,199	Taiwan	44.7%	770	Switzerland	39.7%
Pianos	6,710	China	23.9%	11,274	U.S.A.	27.8%

Units: Volume=1,000 units or tons, Value=¥ million

Source: Japan Exports and Imports

(3) Imports' Market Share in Japan

The share of imports generally has been rising steadily. Roughly calculated from the domestic sales of Japanese products based on figures by the Japan Musical Instruments Association and customs-clearance statistics, shares of imported products varies widely by type of instrument. Japanese-made products are strong in the areas of pianos with imports' share of only 6-8%. As for stringed instruments, the share of imports is high, about 60%.

Fig. 4 Imports' share in the Japanese market

		1997	1998	1999			1997	1998	1999
Pianos	Domestic products	35,162	27,563	26,701	Wind instruments	Domestic products	8,487	8,241	6,908
	Imported products	3,292	1,806	2,177		Imported products	5,369	4,107	3,937
	TOTAL	38,454	29,369	28,878		TOTAL	13,856	12,348	10,845
	Imports' share	8.6%	6.1%	7.5%		Imports' share	38.7%	33.3%	36.3%
Other stringed instruments	Domestic products	5,847	5,536	5,151	Percussion instruments	Domestic products	5,619	5,655	5,711
	Imported products	7,893	8,175	6,751		Imported products	2,079	2,143	2,033
	TOTAL	13,740	13,711	11,902		TOTAL	7,698	7,798	7,744
	Imports' share	57.4%	59.6%	56.7%		Imports' share	27.0%	27.5%	26.3%
Accordions & mouth organs	Domestic products	1,032	1,065	1,157	Electric & electronic instruments	Domestic products	50,977	54,815	45,950
	Imported products	515	646	1,174		Imported products	15,094	14,818	14,430
	TOTAL	1,547	1,711	2,331		TOTAL	66,071	69,633	60,380
	Imports' share	33.3%	37.8%	50.4%		Imports' share	22.8%	21.3%	23.9%

Unit : ¥ million

Source : Japan Musical Instrument Manufacturers' Association, Japan Exports and Imports

3. Key Considerations related to Importing

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

There are no legal regulations that apply to importation of musical instruments generally. However, electric and electronic instruments are subject to provisions of the Electrical Appliance and Material Safety Law. Importers must file a notification of business commencement by each type classification with the Director-General of the competent Bureau of Economic, Trade and Industry (or with Minister of Economic, Trade and Industry in case of multiple business sites) within 30 days of commencing import operations. Importers are also required to prepare and maintain self-testing records.

Further, a very small number of musical instruments sometimes make use of animal derivatives regulated by the Foreign Exchange and Foreign Trade Law under terms of the Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora). 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.

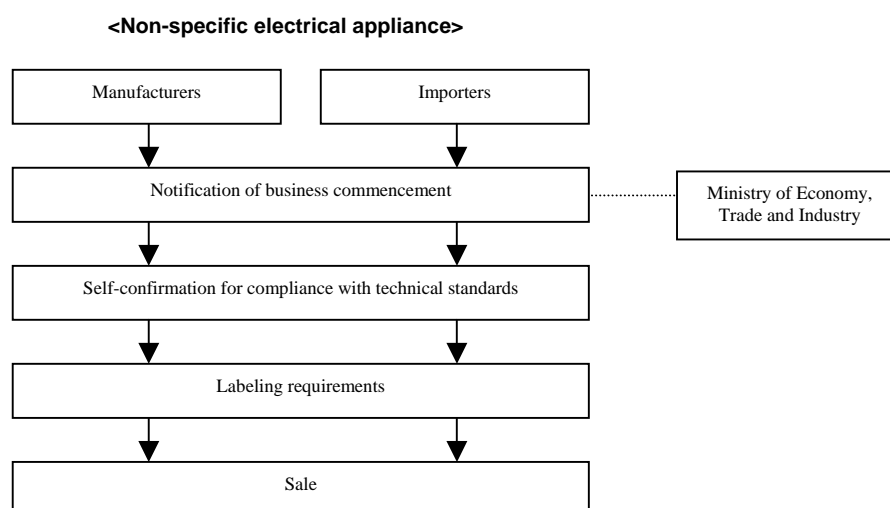
(2) Regulations and Procedural Requirements at the Time of Sale

Electric and electronic instruments are subject to provisions of the Electrical Appliance and Material Safety Law. Pianos and other keyboard stringed instruments are subject to the Fair Competition Code under the Act Against Unjustifiable Premiums and Misleading Representations. Musical instruments containing special material may be sometimes subject to the Law for Conservation of Endangered Species of Wild Fauna and Flora. 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) Electrical Appliance and Material Safety Law

Electric and electronic instruments are subject to provisions of the Electrical Appliance and Material Safety Law as non-specific electrical appliances. Manufacturers or importers must confirm on their own that their products are compliant with technical standards, and must display required label items and PS mark on the product. (see 4. Labeling)

Under the revised Law in 1999, the manufacturer or importer shall undertake in-house testing, and be obligated to conform to technical standards through self-confirmation. Any products that are not compliant with the technical standards are subject to improvement orders or are prevented from displaying particular labels. When deemed necessary, products with a high level of danger or trouble shall be imposed to the violation of the order.

Fig. 5 Procedures required under the Electrical Appliance and Material Safety Law

2) Fair Competition Code under the Act Against Unjustifiable Premiums and Misleading Representations

The Keyboard Stringed Instruments Fair Trade Council voluntarily established the Fair Competition Code under the Act Against Unjustifiable Premiums and Misleading Representations. (see 4. Labeling)

(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>
- Electrical Appliance and Material Safety Law
Product Safety Division, Consumer Affairs Department, Commerce and Information Policy Bureau,
Ministry of Economy, Trade and Industry
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Act Against Unjustifiable Premiums and Misleading Representations (Fair Competition Code)
Consumer Related Trade Division, Trade Practices Department, Fair Trade Commission of Japan
TEL: 03-3581-5471 <http://www.jftc.go.jp>
- Law for Conservation of Endangered Species of Wild Fauna and Flora
Wildlife Division, Nature Conservation Bureau, Ministry of the Environment
TEL: 03-3581-3351 <http://www.env.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) Electrical Appliance and Material Safety Law

Products covered by the Electrical Appliance and Material Safety Law must be labeled with rated voltage, current, frequency, name of the manufacturer, and PSE mark.

Example label of musical instruments under the Electrical Appliance and Material Safety Law

Rated voltage	100W
Rated current	3W
Rated frequency	50 / 60Hz
XYZ Co., Ltd.	



2) 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



Tag

(2) Voluntary Labeling based on Provisions of Law

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

(3) Voluntary Industry Labeling

1) Safety Certification Mark (S Mark)

Third party certification organizations commissioned by the government, the Japan Electrical Safety & Environment Technology Laboratories (JET) and the Japan Quality Assurance Organization (JQA) conduct safety test on the individual products and check the quality control systems of the factories. Products conformed to be safe may be labeled with the following safety certification marks. Safety certification marks are combinations of the logo marks of the certification organizations with the common certification mark of the Steering Council of Safety Certification for Electrical and Electronic Components and Material of Japan (SCEA).

- Japan Electrical Safety & Environment Technology Laboratories (JET)
TEL: 03-3466-5145 <http://www.jet.or.jp>
- Japan Quality Assurance Organization (JQA)
TEL: 03-3583-9001 <http://www.jqa.jp>



2) Act Against Unjustifiable Premiums and Misleading Representations

The Keyboard Stringed Instruments Fair Trade Council has adopted voluntary guidelines for fair trade in sale of pianos and other keyboard stringed instrument based on Article 10 of the Act Against Unjustifiable Premiums and Misleading Representations. These guidelines regulate the labeling that appears on keyboard stringed instruments themselves and in catalogs, instruction manuals and product warranty statements.

Contacts:

- Keyboard Stringed Instruments Fair Trade Council TEL: 03-3251-7444.

5. Taxes

(1) Customs Duties

Customs duties on musical Instruments are all free.

(2) Consumption Tax

CIF x 5%

6. Product Characteristics

Musical instruments are a type of precision instrument, yet at the same time much of what makes an instrument high in quality stems from subjective perceptions of tone color. Japanese-made musical instruments excel in terms of product quality and accessibility of maintenance, while still enjoying a price advantage over their European and American counterparts. When it comes to musical instruments, however, there is a strong degree of reverence given to imported instruments in some circles. This has led to a strong brand image of European and American manufacturers. A strong brand image in and of itself can enhance subjective impressions of tone color and other musical qualities. European and American instruments owe much of their customer loyalty to their long traditions and to the fact that many famous musicians have played their brands of instruments. For many consumers the brand name is the most important factor of all.

On the other hand, musical instruments made in Asia rising personnel and other production costs in Japan have led to local production or OEM production by Japanese manufacturers. Also the improved technical ability of the other Asian countries has led to mass production of their own inexpensive instruments. They began with acoustic guitars, percussion instruments and other acoustic instruments, but recently there has been a dramatic increase in imports of lower -priced electronic instruments from Asian countries/areas.

<Characteristics of products from different countries / regions>

• Japan	Pianos, electric and electronic instruments
• United States	Brass instruments, higher-priced professional-quality electric and electronic instruments
• Germany	Higher-priced professional-quality brass and woodwind instruments
• France	Higher-priced professional-quality woodwind instruments and hand-made violins
• Italy	Higher-priced hand-made violins
• Republic of Korea	Mass-market pianos, electric and electronic instruments
• China	Percussion instruments, violins and guitars
• Taiwan	Percussion instruments, acoustic guitars
• Central and South America	Folk music instruments

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

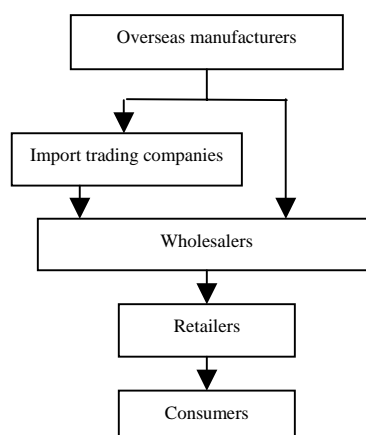
According to the Japan Musical Instruments Manufacturers' Association, factory shipments by Japanese musical instruments manufacturers to the domestic market, including some products imported by these manufacturers, have been on a declining trend since 1988, when they reached a peak of ¥175 billion. Despite a modest recovery, factory shipments to the domestic market came to only ¥105.7 billion in 1998. Factory shipments by domestic manufacturers have been affected not only by increased imports but also by the lower birth rate, which has resulted in a fall in the number of children. The reduction in the number of children has led to a decline in demand for children's musical instruments, shrinking the musical-instrument market as a whole. Despite the decline in overall demand, some products are enjoy market growth. A typical example is acoustic guitars, factory shipments of which increased 4-5 times over the past ten years in value and volume.

Except for children's practice products, the types of musical instruments used by popular musicians have heavily influenced demand for musical instruments. Currently, due to the popularity of some rock music bands among young people, sales of electric guitars have risen. In addition, musical instruments with silencers, such as silent pianos and silent violins, are very popular, reflecting the cramped housing in Japan.

(2) Distribution Channels

A musical instrument generally has a usable life span of 10-20 years. Moreover, musicians often grow accustomed to their own instruments, and they will choose to have it repaired over and over again before they will give them up for new instruments. Consequently, for imports to succeed there has to be an after-sales service program in place as a joint enterprise between the import agent (or wholesaler) and the retailer in order to win and retain the confidence of instrument buyers. Accordingly, musical instrument distribution is very straightforward, as shown in the following illustration.

Fig. 6 Distribution channel of musical instruments



(3) Key Considerations for entering the Japanese Market

Prospective market entrants should carefully study customer loyalty patterns to name brand instruments. Prospective market entrants must be able to offer a complete after-sales service program.

8. After-Sales Service

The retailers usually perform simple repairs, but major repairs to the structure of the instruments are the responsibility of the wholesaler or import agent. If repair parts are not readily available, parts may have to be ordered from the manufacturer, or the instrument may have to be sent back to the manufacturer abroad. Two of the most important functions of the wholesaler or import agent are training repair technicians and maintaining inventories of repair and replacement parts.

9. Related Product Categories

- Toy musical instruments

Electronic toys are subject to provisions to the Electrical Appliance and Material Safety Law, while toy instruments for infants that can be inserted into the mouth (such as trumpets or flutes) are subject to provisions of the Food Sanitation Law.

10. Direct Imports by Individuals

Direct imports by individuals are essentially unregulated. However, individuals who import electric or electronic instruments for their own use will have to modify the instrument to accommodate the different voltage and number of cycles used by Japanese electric current.

11. Related Organizations

- | | | |
|---|-------------------|---|
| • Japan Musical Instruments Association, JMIA | TEL: 03-3251-7444 | |
| • Japan Musical Instrument Manufacturers' Association | TEL: 03-3251-7444 | |
| • Japan Musical Instruments Wholesalers' Association | TEL: 03-3251-7444 | |
| • Association of Musical Electronics Industry | TEL: 03-5226-8550 | http://www.amei.or.jp |