

Japanese Market Information on Specified Products



Socks and Stockings

1. The Japanese Market

Socks and stockings are expendable daily items and are characterized by stable demand. The Japanese market is estimated at 1.5 billion pairs a year, but this figure has been declining. Manufacturers and sales firms are trying to develop functional or inexpensive designs to counter this trend.

Mail-order distribution of socks and stockings has become solidly established. Mail-order purchases are popular especially among housewives because of the wide variety of products offered and lower prices. Mail order now accounts for about 15% of total domestic sales.

(1) Socks

Sock prices have dropped, reflecting the recent "pricing revolution." Many socks today are sold in packages of three to five pairs for a thousand yen. The shift in production from Japan to other parts of Asia has made such prices possible. The low prices of imports can also be attributed to shift in their production centers to Asia as well as the stronger yen.

Since the stock and real estate market crash, corporate gift demand has plunged. Prices of famous brand-name socks have declined from about ¥1,500 a pair to about ¥1,000 a pair. On the other hand, demand for casual socks is on the rise, buoyed by increased consumer acceptance of more casual attire.

(2) Stockings

Japanese products, with their sophisticated manufacturing and excellent functionality, dominate the stocking market. Because stockings are inexpensive, consumers tend to focus on functionality and fashion rather than price when making purchasing decisions.

The Japanese market for socks and stockings is fully developed and is characterized by falling prices. Success in this market will depend on competitive pricing and added functionality.

The recently adopted Product Liability Law makes importers liable for injuries proven to be caused by defective products. Great efforts are needed to ensure high standards of quality.

2. Imports

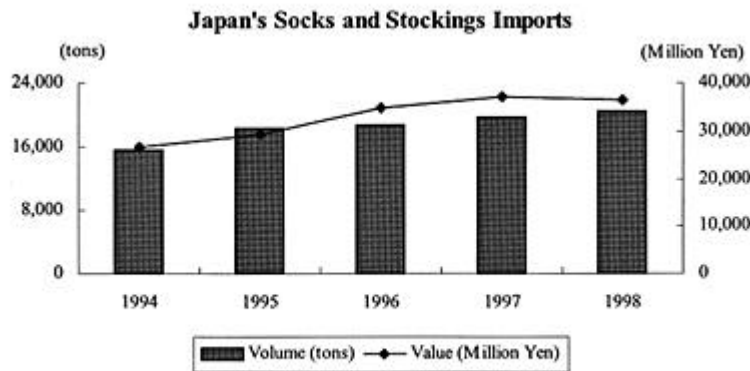
(1) Recent Developments

Imports of socks and stockings in 1998 grew 4.4% from the previous year to 20,527 tons and declined 1.7% to ¥36,390 million.

Throughout the 1990s, sock and stocking imports grew about 20% a year. The increases were the result of a greater dependence on foreign products, higher Japanese labor costs and stronger yen, and shifting for sock production to Asian countries (mainly China) by Japanese manufacturers.

Socks represent the largest volume zone for imports, accounting for 90% of all imports in this category in both volume and value. Synthetic fiber products occupy the largest share, followed by cotton products. Products made from other materials account for just 1% of total imports. Imports of panty hose and tights represent about 10% of total imports in this category.

Demand for products for infants tend to center on expensive brand-name products because of the fewer number of children. Demand for other products is focused on inexpensive products, typified by the private label brands sold by supermarket chains.



	1994		1995		1996		1997		1998	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Panty Hose & Tights	999	2,419	1,009	2,572	1,068	3,251	1,068	3,529	852	2,358
Synthetic fibers	935	2,277	907	2,353	985	3,010	981	3,278	789	2,219
Other	64	142	101	219	83	242	87	251	63	139
Hosiery	64	142	204	256	117	224	95	251	68	234
Socks	14,592	23,895	16,952	26,348	17,556	30,989	18,416	32,997	19,528	33,589
Wool	140	384	150	451	201	583	175	530	130	427
Cotton	6,742	11,222	7,728	11,847	8,647	15,320	9,014	16,670	8,815	15,828
Synthetic fibers	7,649	12,097	9,033	13,959	8,601	14,921	9,085	15,586	10,404	17,019
Other	61	192	41	91	107	164	142	211	179	316
Babies' Stockings & Socks	48	147	85	231	88	257	83	252	79	209
Wool	2	7	1	3	1	3	0	1	1	3
Cotton	11	35	8	23	29	69	19	62	19	59
Synthetic fibers	36	105	76	205	58	185	63	189	56	144
Other	0	0	0	0	0	0	0	0	3	2
Total	15,704	26,603	18,250	29,407	18,828	34,722	19,662	37,030	20,527	36,390

Unit: tons, Million Yen

Source: Japan Exports and Imports

(2) Countries of Origin

A list of suppliers of socks and stockings to Japan consists mostly of Asian countries, including China, the Republic of Korea, Thailand, and Indonesia. China accounts for 50% of all imports in this category on a volume basis. Imports from China have been rising rapidly; the share accounted for by imports from the Republic of Korea has been declining since 1992.

Products from the Republic of Korea are priced at the middle whereas those from China occupy a lower price range. Imports from the United States and European countries such as Italy are generally medium to high-priced brand-name items.

Principal Exporters of Stockings to Japan

COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
CHINA	936	738	912	1,230	1,110	670
USA	534	524	710	642	368	45
ITALY	200	279	548	647	341	42
S KOREA	558	810	541	355	123	48
AUSTRIA	14	35	76	95	84	3
OTHERS	177	187	464	561	333	44
TOTAL	2,419	2,572	3,251	3,529	2,358	852

Unit: Million Yen, tons

Source: Japan Exports and Imports



COUNTRY	1994	1995	1996	1997	1998	
	Value	Value	Value	Value	Value	Volume
CHINA	3,374	5,451	8,692	13,247	15,391	10,315
S KOREA	13,286	14,346	13,506	9,980	9,335	5,095
THAILND	2,733	3,099	3,457	3,274	3,350	1,843
USA	3,856	2,612	3,795	4,269	3,061	1,066
INDNSIA	128	158	280	547	597	262
OTHERS	517	682	1,259	1,679	1,855	947
TOTAL	23,895	26,348	30,989	32,997	33,589	19,528

Unit: Million Yen, tons

Source: Japan Exports and Imports



(3) Share Accounted for by Imports

Precise figures are not available because of differences in the way the statistics are compiled for domestic production and foreign trade, but at an estimate, imports account for about 14% of the Japanese sock and stocking market. This figure is rising. A large percentage of socks (which are easy to produce) are produced overseas by Japanese manufacturers and imported. For panty hose, which requires more sophisticated technologies to manufacture, imports account for only about 3% of the

market.

Imports' Share in the Japanese Market

	1993	1994	1995	1996	1997
Products	1,279,870	1,271,458	1,235,611	1,142,402	1,075,466
Knit wear	534,318	505,130	484,977	446,130	415,062
Woven wear	745,552	766,328	750,634	696,272	660,404
Exports	36,177	28,958	23,396	25,205	26,351
Knit wear	8,377	6,514	5,904	7,147	8,595
Woven wear	27,800	22,444	17,492	18,058	17,756
Imports	1,169,022	1,321,817	1,511,346	1,858,513	1,765,717
Knit wear	498,655	589,436	667,095	782,301	770,416
Woven wear	670,367	732,381	844,251	1,076,212	995,301
Share of Imports	48.5%	51.5%	55.5%	62.5%	62.7%
Knit wear	48.7%	54.2%	58.2%	64.1%	65.5%

3. Laws and Regulations

There is no law or regulation that restricts the import of socks and/or stockings.

4. Taxes

(1) Customs Duties

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
6101-6114	Articles of apparel and clothing accessories, Knitted or crocheted				
	1. Containing embroidery or lace, of figured	16.8%	13.9%	6.95% *Free	
	(1) Of wool or fine animal hair				
	(2) Of cotton				
	(3) Of man-made fibres				
	(4) Of other textile materials	16.8%	12.6%	6.3% *Free	
	2. Other	14%	12.5%	6.25% *Free	
	(1) Of wool or fine animal hair				
	(2) Of cotton				
	(3) Of man-made fibres				
(4) Of other textile materials	14%	11.2%	5.6% *Free		
3. Some of shirts	11.2%	9.3%	4.65% *Free		
4. Some of blouses, sweat shirts	14%	11.6%	5.8% *Free		
5. Other	6.4%-16.8%	(6.7%)~ 13.9%	3.2-6.95% *Free		
6201-6211	Articles of apparel and clothing accessories, not knitted or crocheted				
	1. Containing furskin	16%	(15-16.4%)	7.5% *Free	
	2. Some of shirts	9%	(9.3-10.1%)	4.5% *Free	
	3. Other	7.8-16%	(8.2-16.4%)	Free-8% *Free	

Note: Refer "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc.
 **Free" in Preferential applicable only for developing country.

(2) Exemptions Under the Temporary Tariff Measures Law

(a) Tariff Reduction for Reverse Processed Imports

This reduction applies to products manufactured overseas using raw materials exported from Japan. In 1994, socks were added to the list of products eligible for reduced tariffs under this program. The reduction is equal to the price of the exported raw materials times the tariff rate for the imported product. Please contact the Customs Clearance Division, Customs and Tariff Bureau, Ministry of Finance (TEL: +81-3-3581-4111) for more information.

(b) Generalized System of Preferences

Preferential duties are applied to socks and stockings on a pre-allocated basis, except for imports from the Least Less Developed Countries. Please contact the Tariff Division, International Trade Policy Bureau, Ministry of International Trade and Industry (TEL: +81-3-3501-1511) for more information.

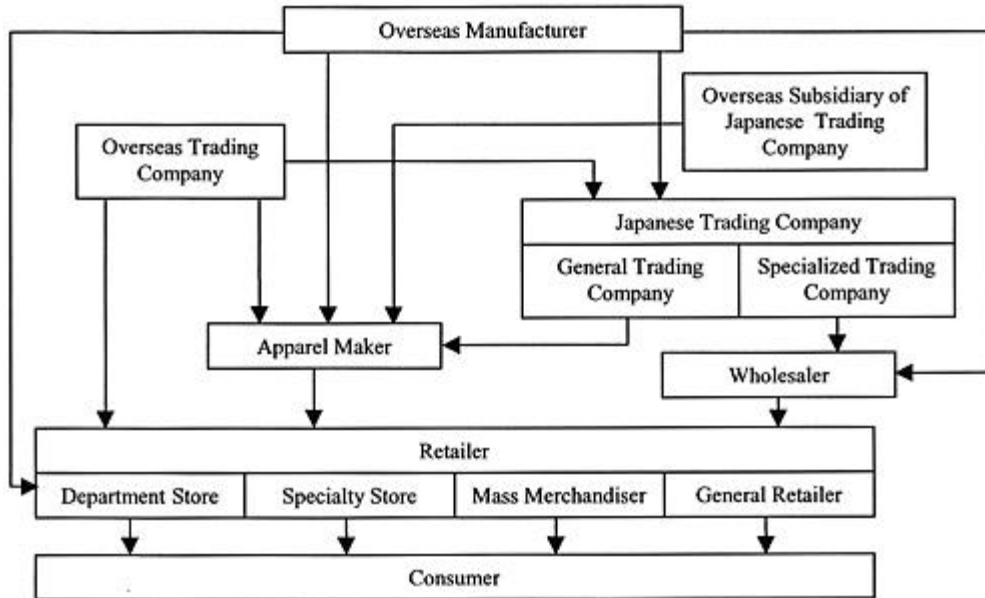
(3) Consumption Tax

(CIF + Customs Duty) x 5%

5. Distribution

In the traditional model, products flowed from wholesalers to retailers and on to consumers. Today, distribution channels have become more diverse, with supermarkets, convenience stores, discount stores, and mail-order operations employing any number of available channels.

Distribution Channels for Imported Apparel



6. Industry Contacts

The Japan Textile Import Association
TEL: +81-3-3270-0791

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TEL: +81-3-3851-4848

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