

4. Socks and Stockings

1. Definition of Category

Knit stockings and socks.

HS Numbers

6115.11, .12 (synthetic fibers), .19 (other)
 6115.20
 6115.91 (wool), .92 (cotton),
 .93 (synthetic fibers), .99 (other)
 6111.10-210, -290 (wool)
 .20-210, -290 (cotton)
 .30-210, -290 (synthetic fibers),
 .90-210, 90-290 (other)

Commodity

Panty hose & tights
 Hosiery
 Socks
 Babies' stockings & socks

Note: "Stockings" include panty hose, tights, and long socks for women. Statistically, no distinction is made between panty hose and tights.

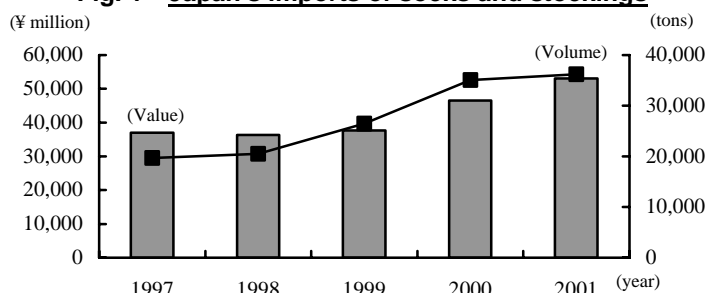
2. Import Trends

(1) Recent Trends in Sock and Stocking Imports

Imports of socks and stockings grew steadily year-by-year. After recording a sizable gain of over 20% on both a volume and value basis in 2000, imports of socks and stockings posted more modest gains in 2001. Imports rose on a volume basis by 3.1% to 36,174 tons, and on a value basis by 14.0% to ¥53.0 billion. The leading product in this category is socks, which accounts for almost 90% of all imports on both a value and volume basis. But, the strongest growth in 2001 came not from socks, but rather from panty hose and tights.

Viewed by material, synthetic fiber products have the largest share with 57.6%, followed by cotton products with 40.0%. Products made from other materials account for just 2.4% of the total.

Fig. 1 Japan's imports of socks and stockings



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Panty hose & tights	1,068	3,529	852	2,358	1,387	2,803	2,327	4,238	3,392	6,544
Of synthetic fibres	981	3,278	789	2,219	1,320	2,654	2,159	3,924	3,171	6,136
Of other textile materials	87	251	63	139	68	149	167	314	220	408
Hosiery	95	251	68	234	39	93	86	345	162	736
Socks	18,416	32,996	19,528	33,589	24,916	34,531	32,571	41,718	32,544	45,616
Of wool	175	530	130	427	212	542	193	404	175	456
Of cotton	9,014	16,669	8,815	15,828	9,114	13,724	13,061	18,180	14,474	21,428
Of synthetic fibres	9,085	15,586	10,404	17,018	15,273	19,806	18,908	22,576	17,588	23,261
Of other textile materials	142	211	179	316	318	459	409	557	309	471
Babies' stockings & socks	83	253	79	209	108	275	97	202	76	137
Of wool	0	1	1	3	0	0	0	1	0	0
Of cotton	19	62	19	59	24	95	20	66	12	35
Of synthetic fibres	63	189	56	144	83	178	77	135	65	102
Of other textile materials	0	0	3	2	1	1	0	0	0	0
TOTAL	19,662	37,029	20,527	36,389	26,451	37,702	35,081	46,503	36,174	53,034

Units: tons, ¥ million

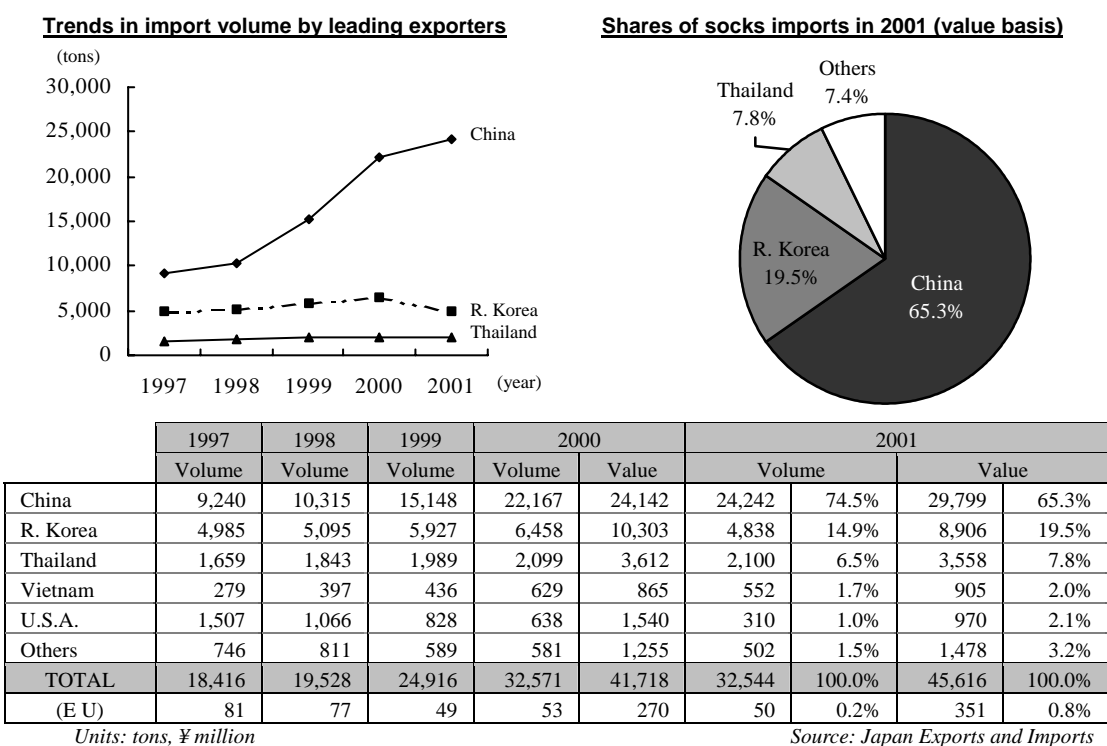
Source: Japan Exports and Imports

In 1990s the imports of socks and stocking has been increasing on annual basis around 20% each year. Japanese manufacturers can attribute these expansions to an increasing dependence on foreign products, as a result of a price difference caused by higher Japanese labor costs and the strong yen, and the shifting of sock production to Asian factories, mainly to China. Regarding pricing, demand for infant products centers on expensive branded products, a result of the nationwide trend towards having fewer children. Demand for other products is focused on inexpensive, non-brand name items typified by the private labels sold at supermarket chains.

(2) Imports by Place of Origin

Over the past five years, China is the only exporter nation of socks to Japan that has seen its exports substantially grow. In 2001, China accounted for 74.5% of all imports on a volume basis and 65.3% of all imports on a value basis. In terms of average unit price, China's products cost only two-thirds those of the Republic of Korea, and only one-half those of the United States. These low prices represent China's greatest strength.

Fig. 2 Principal exporters of socks to Japan



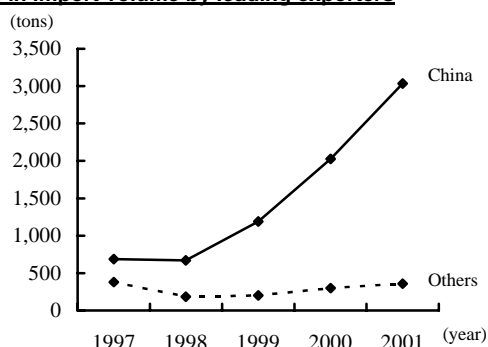
As is clear from Fig. 3 below, in the category of panty hose and tights, imports from China showed a rapid rise as well. China accounted for 89.5% of all imports on a volume basis. However, on a value basis imports from the United States and European countries like Italy had some presence (3.8% in volume, 14.2% in value), which may include mid-to high-priced brand items.

(3) Imports' Market Share in Japan

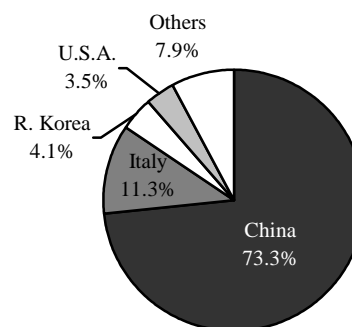
Precise figures are not available because of differences in the way statistics for domestic production and foreign trade. However, imports seem to account for 21.6% of Japan's market for socks and stockings in 2000, and this share is increasing. Viewed by product, a large percentage of imported socks, which are relatively easy to make, are produced overseas by Japanese manufacturers. Meanwhile, there is strong demand for domestic panty hose, which requires more sophisticated technologies to manufacture. As a result, imports are estimated to account for only 3% of the market for these products. (see Fig. 4)

Fig. 3 Principal exporters of panty hose & tights to Japan

Trends in import volume by leading exporters



Shares of panty hose & tight imports in 2001 (value basis)



	1997	1998	1999	2000		2001		Value	%
	Volume	Volume	Volume	Volume	Value	Volume	Value		
China	686	670	1,189	2,028	2,825	3,034	89.5%	4,797	73.3%
Italy	91	42	36	64	342	111	3.3%	738	11.3%
R. Korea	111	48	69	128	288	106	3.1%	266	4.1%
Taiwan	23	3	9	6	22	55	1.6%	171	2.6%
Thailand	9	8	13	24	66	30	0.9%	84	1.3%
Others	149	82	73	77	695	56	1.7%	489	7.5%
TOTAL	1,068	852	1,387	2,327	4,238	3,392	100.0%	6,544	100.0%
(E U)	119	61	52	91	657	129	3.8%	927	14.2%

Units: tons, ¥ million

Source: Japan Exports and Imports

Fig. 4 Imports' share in the Japanese market

	1996	1997	1998	1999	2000
Domestic Shipment	238,493	229,775	195,412	180,895	170,973
Exports	3,855	2,638	2,630	2,088	1,988
Knitted socks					
Imports	34,726	37,029	36,389	37,702	46,503
TOTAL	269,364	264,166	229,171	216,509	215,488
Imports' Share	12.9%	14.0%	15.9%	17.4%	21.6%

Units: ¥ million

Source: Statistics of Textile, Japan Exports and Imports

3. Key Considerations related to Importing

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

In principle, there are no legal restrictions on the importation of socks or stockings.

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

The Household Goods Quality Labeling Law and the Law for the Control of Household Products Containing Harmful Substances regulate the sale of products in this category. 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) Household Goods Quality Labeling Law

When selling socks or stockings, products must display the information specified in this Law. (See 4. Labeling)

2) Law for the Control of Household Products Containing Harmful Substances

Products must not contain more than a specified amount of harmful substances with the potential to cause skin irritation or injury. In the case of socks, harmful substances used in anti-bacterial or anti-mold agents, insecticides, and resins must comply with these criteria. For example, formaldehyde must not be detected in any measurable concentration when used in socks for infants two years old or younger. In other socks and stockings, this substance may be present in concentrations of less than 75 ppm.

(3) Competent Agencies

- Household Goods Quality Labeling Law
Consumer Affairs Policy Division, Consumer Affairs Department, Commerce and Information Policy Bureau,
Ministry of Economy, Trade and Industry
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Law for Control of Household Products Containing Harmful Substances
Safety Division, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare
TEL: 03-5253-1111 <http://www.mhlw.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

The Household Goods Quality Labeling Law requires that all socks and stockings display composition of fibers and the name of the labeling company or entity.

Socks Cotton, acrylic, nylon, polyurethane XYZ Inc. TEL:01-2345-6789

<Labeling under the Law for Promotion of Effective Utilization of Resources>

When paper or plastic is used as a packaging material for wrapping of individual product items, or for labels, tags, external packaging or elsewhere, a material identifier mark must be displayed with information where the material is used.

< Example >



External packaging



Individual packaging

(2) Voluntary Labeling Based on Provisions of Law

For sock and stocking sizes, the Japan Industrial Standardization Law requires that the following basic body measurements be displayed in the following order (JIS L 4007):

- Japanese Standards Association

TEL: 03-3583-8005 <http://www.jsa.or.jp>

(3) Voluntary Industry Labeling

The Japanese Association for the Functional Evaluation of Textiles was established with the objective of ensuring product safety. Products that comply with the safety criteria of this organization in the areas listed below are authorized to display the SEK Mark.

1. Anti-bacterial and anti-odor properties
2. Effective lifetime of these properties (washability)
3. Safety of processing

- Japanese Association for the Function Evaluation of Textiles

TEL: 03-3639-5084 <http://www.sek.gr.jp>

SEK Mark



5. Taxes

(1) Customs Duties

Fig. 5 on the following page describes tariff rates on socks and stocking.

[Preferential Tariff System]

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).

<Exceptional Measures under the Temporary Tariff Measures Law>

If fabric or other auxiliary material is exported from Japan and used as raw material to manufacture a woven apparel product (HS No. 62), then imported back to Japan within one year of the export permit date, the Temporary Tariff Measures Law provides for a reduction on applicable customs duties on the exported article.

Socks classified under HS 61.15 are eligible for reduced tariffs under this program (not eligible for HS No. 61.11). The reduction is equal to the price of the exported raw materials times the tariff rate for the imported product. To qualify for the reduction, a “Declaration of Confirmation of Processing or Assembly Export Cargo” form must be filed and be approved by the Customs at the time of export. For further information, please contact the Customs and Tariff Bureau, Ministry of Finance.

Fig. 5 Customs duties on socks and stockings

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
6111	Baby's socks and other hosiery:				
10	1. Of wool or fine animal hair				
-210	(1) Panty hose and tights	11.2%	8.2%	*Free	
-290	(2) Other baby's socks and other hosiery	6.4%	5.8%	*Free	
20	2. Of cotton				
-210	(1) Panty hose and tights	11.2%	8.2%	*Free	
-290	(2) Other baby's socks and other hosiery	9%	8.2%	*Free	
30	3. Of synthetic Fibres				
-210	(1) Panty hose and tights	11.2%	8.2%	*Free	
-290	(2) Other baby's socks and other hosiery	8%	7.3%	*Free	
90	4. Of other textile materials				
-210	(1) Panty hose and tights	11.2%	8.2%	*Free	
-290	(2) Other baby's socks and other hosiery	6.4%	5.8%	*Free	
6115	Panty hose, tights stockings, socks and other hosiery				
11, 12, 19	1. Of synthetic fibres and other	11.2%	8.2%	*Free	
20	Women's full-length or knee-length hosiery (excluding stockings or tights)				
-010	1. Of synthetic fibres	9.6%	8.7%	*Free	
-020	2. Of cotton	9%	8.2%	*Free	
-030	3. Of other textile materials	6.4%	5.8%	*Free	
	Other hosiery				
91	1. Of wool or fine animal hair	6.4%	5.8%	*Free	
92	2. Of cotton	9%	8.2%	*Free	
93	3. Of synthetic fibres	8%	7.3%	*Free	
99	4. Of other textile materials	6%	5.5%	*Free	

Note 1: “*Free” in Preferential Rate is applicable only for Least Less Developed Countries.

Note 2: Refer to “Customs Tariff Schedules of Japan” (published by Japan Tariff Association) etc. for interpretation of tariff table.

(2) Consumption Tax

(CIF + Customs duty) x 5%

6. Product Characteristics

(1) Socks

Sock manufacturing technologies have almost completely matured, and today there is little variation in quality by country or company. In the 1980s, Japanese sock manufacturers began producing locally in the Republic of Korea and other Asian countries and also signed numerous OEM agreements with local manufacturers. Thanks to the resulting penetration of Japanese technology, most of the products made in these countries today are on a par with Japanese versions. There is also strong demand for U.S.-made cotton socks, which are characterized by durable sewing and low prices. Although a variety of socks are available, ranging from functional products that offer anti-odor or anti-bacterial properties to casually fashionable loose-type products, product characteristics differ little based on the country of origin.

(2) Stockings

Demand for Japanese products remains strong in the field of stockings and panty hose in particular. This can be attributed to the world-class quality and functionality of these products. Different manufacturers use the terms “stockings” and “tights” in different ways, and there are few clear distinctions in terms of materials or quality.

Support hose, which offer a close fit and do not sag, are the most popular type today. Also seeing brisk sales as of late are zokki-type stockings featuring improved support and durability. “Zokki” indicates the use of a 10% covering thread, which consists of an elastic polyurethane core wrapped with durable nylon. A variety of other products have also been developed, including some that wick away perspiration, others that use mesh for better breath ability, and yet others that apply pressure to various parts of the wearer’s legs to improve circulation. Most of today’s stockings use beige and other natural colors that approximate skin tones. However, both domestic and imported products now offer a wider range of delicate color variations than those were available in the past.

In the case of tights, bulky wool-mix products, which are purchased primarily in the winter for their warmth, have seen sales decline. In their place customers are turning to colored nylon tights, which can be worn in spring, fall, and winter and come in a wide variety of colors, thickness, and textures. Most of the imports in this category are thickly woven products from Switzerland and Scandinavia that sell for around ¥2,000.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

Socks and stockings are expendable items used on a daily basis and thus are characterized by stable demand. The scale of the domestic market is estimated at 1.5 billion pairs a year, and domestic demand has been declining. As a result, manufacturers and sales firms are now trying to differentiate their products by developing functional or inexpensive designs.

1) Socks

Reflecting the “pricing break-up” of recent years, sock prices have dropped: many socks today are sold in sets of three or five for just ¥1,000. What makes these prices possible is the shift of production from Japan to Asia. The low prices of imports can also be attributed to the strong yen and the shift of production centers to Asia. Mainly corporate gift demands for socks for businesspersons have been hit hard by the economic slowdown. Prices have also plunged: famous Western brand name socks that once sold for ¥1,500 a pair, can now be purchased for about ¥1,000 a pair. By contrast, demand for casual socks is on the rise, helped by the designation of “casual Fridays” at many companies and a general trend among consumers towards more casual attire.

2) Stockings

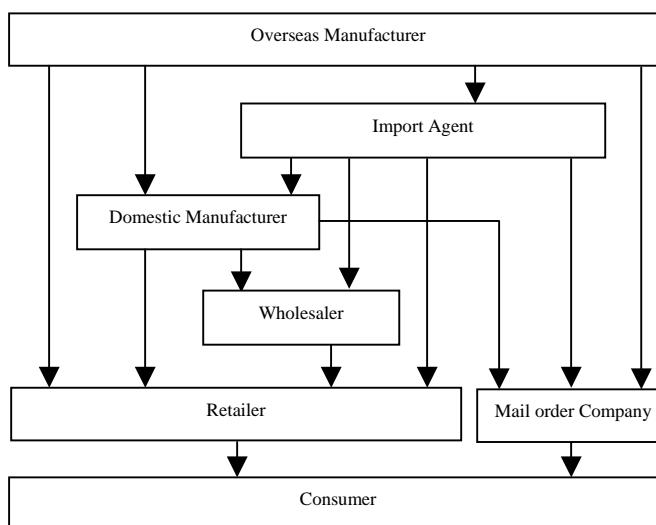
The scale of the domestic market for panty hose is estimated at 0.5 billion pairs a year, worth some ¥250 billion. Japanese products, with their sophisticated manufacturing technologies and excellent functionality, dominate the market for stockings. Because stockings are inexpensive, many consumers focus on functionality and fashion trend rather than price when making purchase decisions.

(2) Distribution Channels

In the traditional domestic distribution channel, products flowed from wholesalers to retailers and on to consumers. Today, however, distribution routes have become far more diverse, with supermarkets, convenience stores, discount stores, and even mail-order operations often employing a number of channels. (see Fig. 6)

Mail order has also become well established as one channel of distribution for socks and stockings. Mail order purchasing is popular among housewives because of the wide product variety and low prices. Spokespersons at leading mail order company say that mail order now accounts for some 15% of total sales in the domestic market.

Fig. 6 Distribution channels for socks and stockings



(3) Key Considerations for entering the Japanese Market

The Japanese market for socks and stockings is a mature one, and prices are still dropping. Success in this market will require both competitive prices and added functionality. Further, the recently adopted Product Liability Law makes importers liable for injuries proven to be caused by defective products. Thus, great efforts should be made to ensure high standards of quality.

8. After-Sales Service

No after-sales service is required for products in this category.

9. Related Product Categories

Related products include Japanese *tabi* and other non-knit socks, hats, and gloves. There are no legal restrictions on the import of these products. Sales, however, are regulated by the Household Goods Quality Labeling Law (excluding hats) and the Law for the Control of Household Products Containing Harmful Substances.

10. Direct Imports by Individuals

There are no legal restrictions on personal imports of these products. However, import duties are levied on panty hose and tights even for products costing less than ¥10,000.

11. Related Organizations

- The Japan Textiles Importers Association TEL: 03-3270-0791 <http://www.jtia.or.jp>