

The Japanese chemical fibers industry

May , 2014

Japan Chemical Fibers Association
(JCFA)

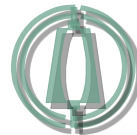


Fig 1: Japan's GDP growth rate

•Japan's GDP growth rate during the 1st quarter in 2014 showed +5.9%, 5th straight quarter of positive growth partly due to the Japan's domestic-driven recovery by pro-growth policies and rush demand of consumption tax raise to 8% in April, 2014.

(%) Annualized change from the previous quarter (seasonally adjusted)

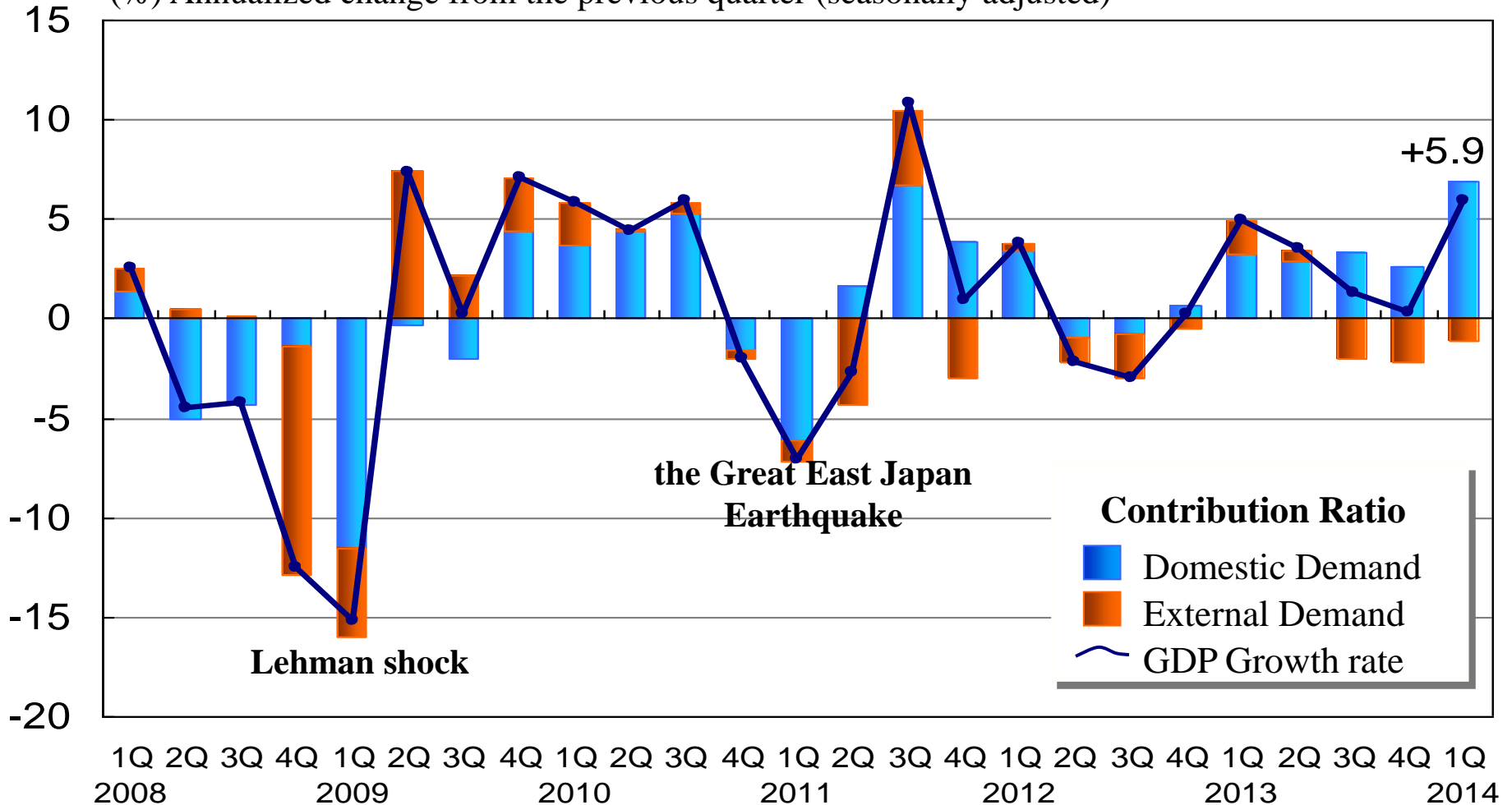


Fig 2. Recent trend of stock price and exchange rates in Japan

- After the change in government in December 2012, Japan's stock price raised and yen depreciation developed sharply due to the credit relaxation policy and the expectation for an economic recovery. However, the stock price has been sluggish since early 2014.

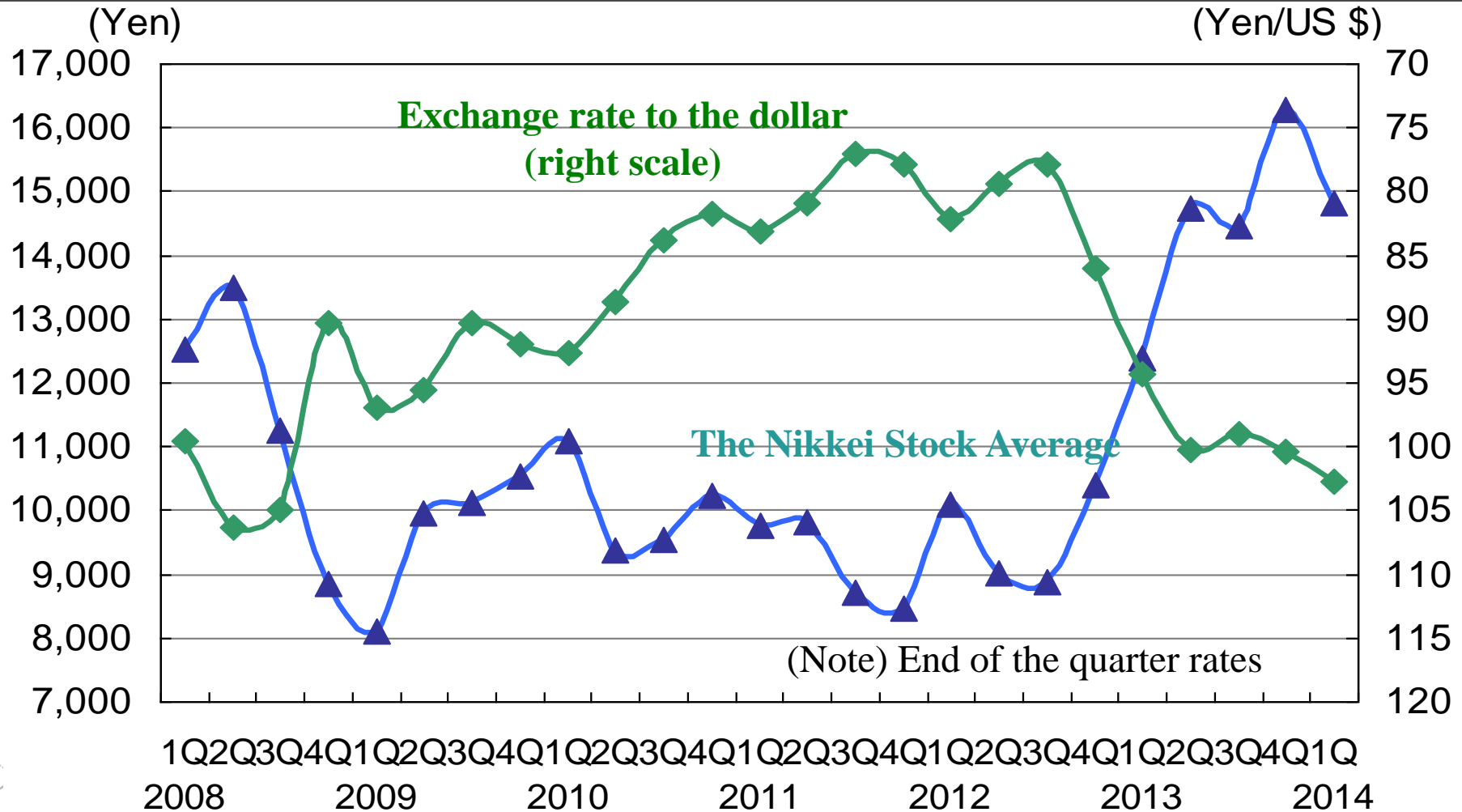


Fig 3. Major textile-related economic indicators

- Personal expenditures on clothing gradually recovered.
- Motor vehicle production dropped, while new housing starts and private construction orders showed a continued recovery in 2013.

(% Change from the previous year)

	(1) Indicators relating to the demand for apparel application			(2) Indicators relating to the demand for non-apparel application		
	Household consumption (clothing)	Sales in department store (clothing)	Sales in super-markets (clothing)	Motor vehicle production	New housing starts	Private construction orders
2009	-4.2	-13.2	-10.8	-31.5	-27.9	-28.3
2010	-4.1	-4.7	-4.4	21.4	3.1	2.1
2011	-0.7	-2.6	-2.4	-12.8	2.6	4.0
2012	0.6	0.6	-1.7	18.4	6.2	3.2
2013	2.6	0.2	-5.6	-3.1	11.0	20.1
2014 1Q	9.8	6.7	-0.4	11.9	3.5	1.6

Fig 4.Changes in production index by processing sector in Japan

- The textile production index in 2013 almost unchanged from 2012.

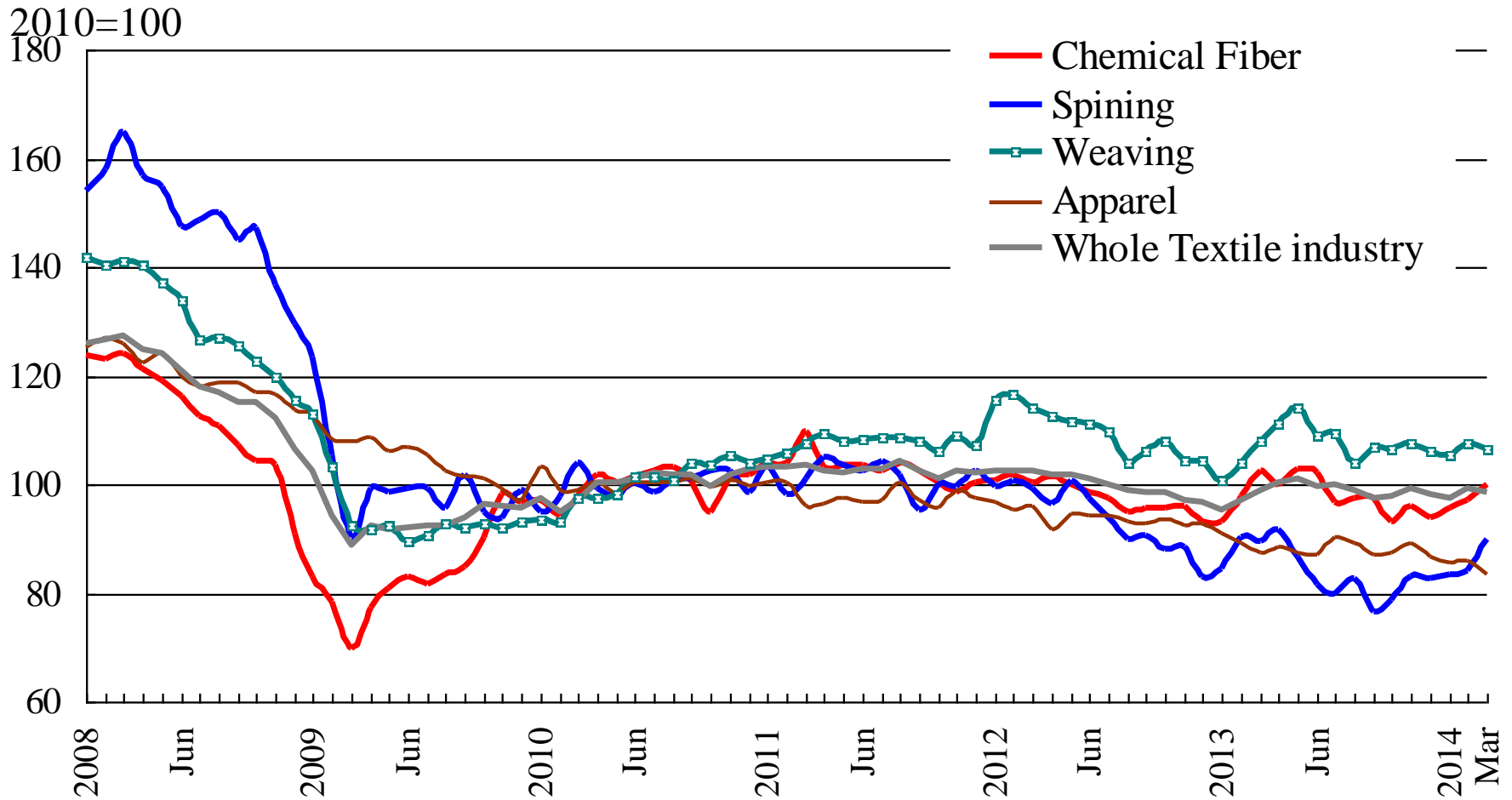


Fig 5. Production of major Chemical Fibers

- The chemical fibers production in 2012 decreased by 4.1% from the previous year to 980 thousand tons.
- The production in 2013 unchanged to 980 thousand tons.
- The production in the 1st quarter of 2014 almost unchanged to 240 thousand tons.

	2010	2011	2012	%	2013	%	2014 Jan-Mar	%
Chemical fibers	991	1,022	980	-4.1	980	0.0	240	0.4
Synthetic fibers	823	854	812	-5.0	814	0.3	196	-0.7
Nylon F	93	95	98	3.3	95	-2.8	25	1.7
Polyester F	188	181	167	-7.6	151	-9.4	33	-12.1
Polyester S	158	157	152	-3.5	143	-5.7	38	9.4
Acrylic S	142	152	140	-7.8	147	5.4	32	-7.4
Cellulosic fibers	169	167	169	0.5	167	-1.2	44	5.7

JCFA %* : % change from the previous period

**Fig 6. Production, Exports, Imports and Domestic Consumption
of major chemical fibers in Japan** (1,000tons)

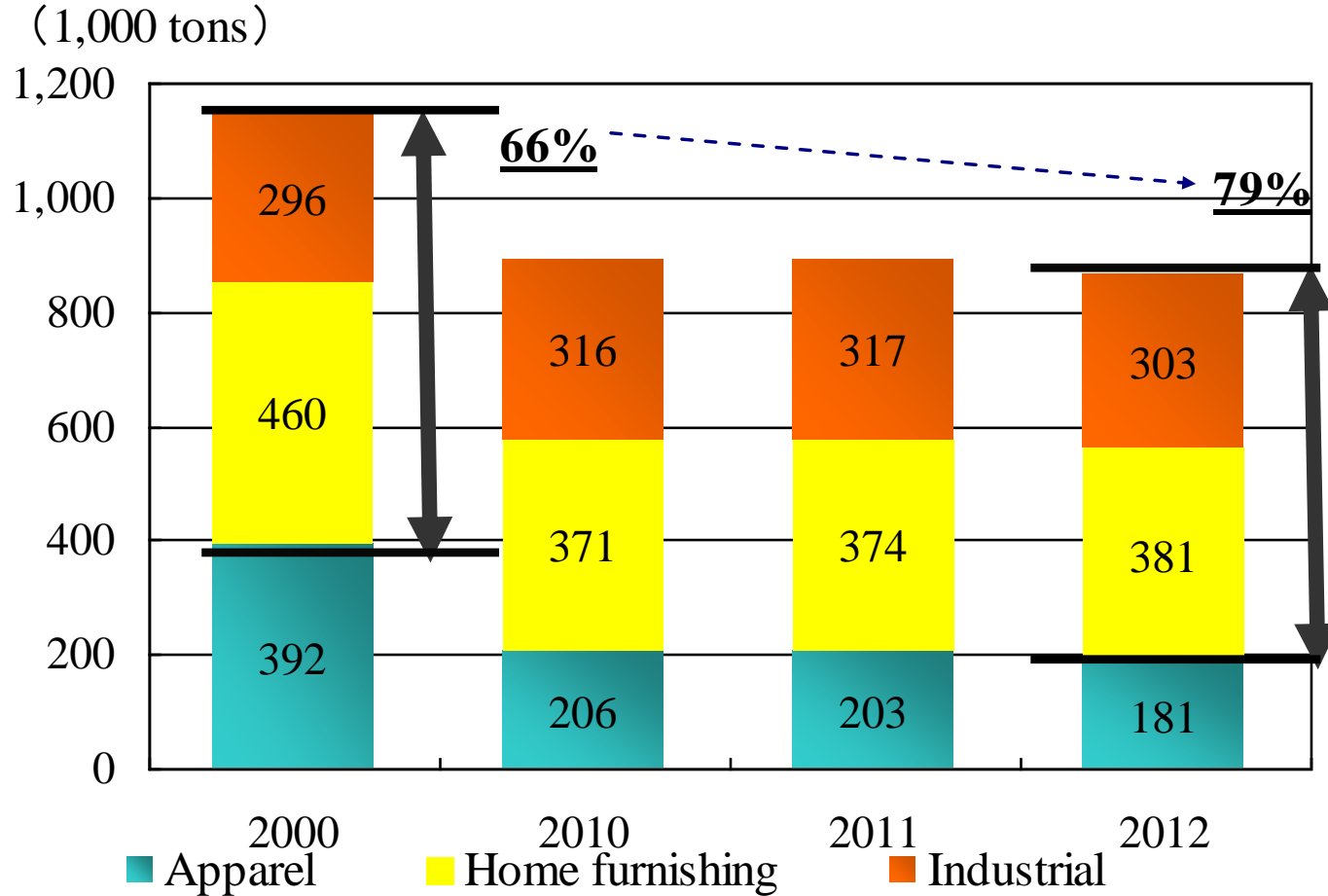
		Chemical Fibers Total				Nylon F				Polyester F			
		Prod	Ex	Im	Con	Prod	Ex	Im	Con	Prod	Ex	Im	Con
2012	Volume	980	423	207	764	98	32	26	92	167	24	113	256
	%	▲4	▲4	▲8	▲5	+3	+30	▲7	▲6	▲8	▲14	▲4	▲6
2013	Volume	980	444	213	749	95	35	26	86	151	20	110	241
	%	0	5	3	▲2	▲3	13	2	▲7	▲9	▲18	▲3	▲6
2014 Jan-Mar	Volume	240	107	58	191	25	10	7	22	33	5	30	58
	%	0	▲5	18	9	2	11	8	5	▲12	▲21	21	2

		Polyester S				Acrylic S			
		Prod	Ex	Im	Con	Prod	Ex	Im	Con
2012	Volume	152	34	26	143	140	143	1	-
	%	▲4	▲12	▲16	▲4	▲8	▲4	▲17	-
2013	Volume	143	37	27	133	147	151	1	-
	%	▲6	9	3	▲7	5	6	14	-
2014 Jan-Mar	Volume	38	8	9	39	32	32	0	-
	%	9	▲26	40	30	▲7	▲10	-	-

Prod: Production
Ex: Exports
Im: Imports
Con: Domestic Consumption

Fig 7. Mill Consumption by Final Use of Chemical Fibers in Japan

- Mill consumption of the chemical fibers in FY2012 is 866 thousand tons.
- The share of non-apparel application continued to increase to 79% from 66% in FY2000.



(Note) fiscal year from April to March

Fig 8. Textile trade of Japan

- Textile exports in 2013 decreased by 10% to \$8.9 billion, textile imports in 2013 decreased by 2% to \$42.6 billion. As a result, trade deficit reached \$ 33.7 billion, at a record high level.

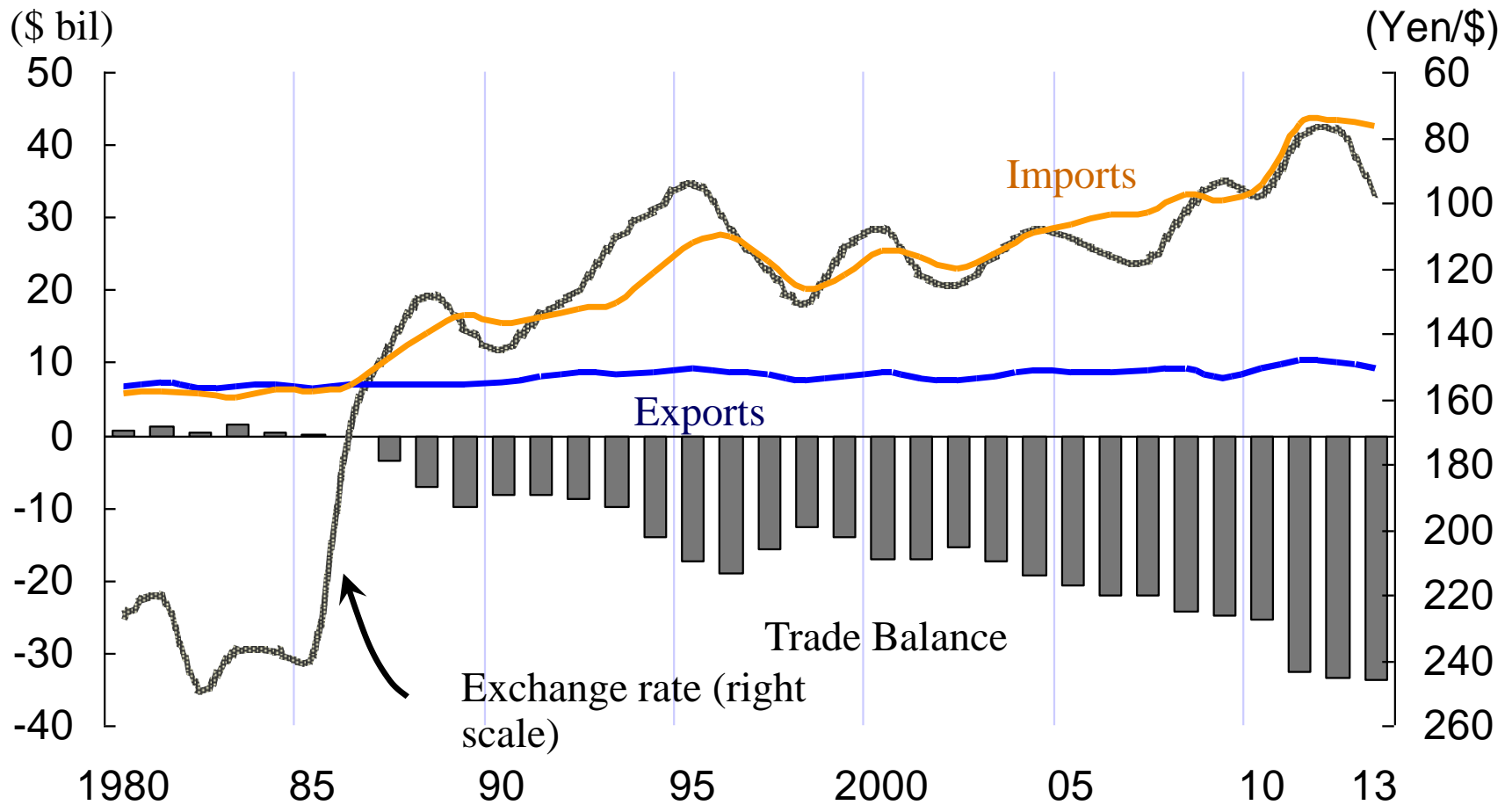


Fig.9 Japanese textile trade partner

- China is the largest exporter and importer, but recently the share continues to decrease. The share of ASEAN continues to rise after the effectuation of AJCEP.

(Million Dollar)

(1) Exports	2007	2012	2013		2014 Jan-Mar		Share(%)	
	Value	Value	Value	%	Value	%	2007	2013
Asia	6,335	7,332	6,496	-11	1,424	-2	72%	73%
China	3,431	3,649	3,136	-14	625	-9	39%	35%
ASEAN	1,167	2,046	1,903	-7	435	5	13%	21%
Vietnam	387	818	780	-5	167	2	4%	9%
Europe	989	1,017	964	-5	250	-3	11%	11%
USA	742	695	618	-11	156	4	8%	7%
World	8,788	9,887	8,884	-10	2,018	-2	100%	100%

(2) Imports	2007	2012	2013		2014 Jan-Mar		Share(%)	
	Value	Value	Value	%	Value	%	2007	2013
Asia	27,117	39,734	39,087	-2	8,872	1	88%	92%
China	23,171	31,312	30,007	-4	6,402	-4	75%	70%
ASEAN	2,365	5,914	6,639	12	1,798	19	8%	16%
Vietnam	859	2,512	2,846	13	736	15	3%	7%
Europe	2,552	2,476	2,509	1	621	1	8%	6%
USA	575	551	564	2	141	-3	2%	1%
World	30,696	43,274	42,632	-1	9,751	1	100%	100%

Fig 10 Progress of Japan's FTA

- Japan has already signed 13 FTAs.
- TPP, Japan-EU FTA, Japan-China-Korea FTA and RCEP negotiations have just started in 2013.

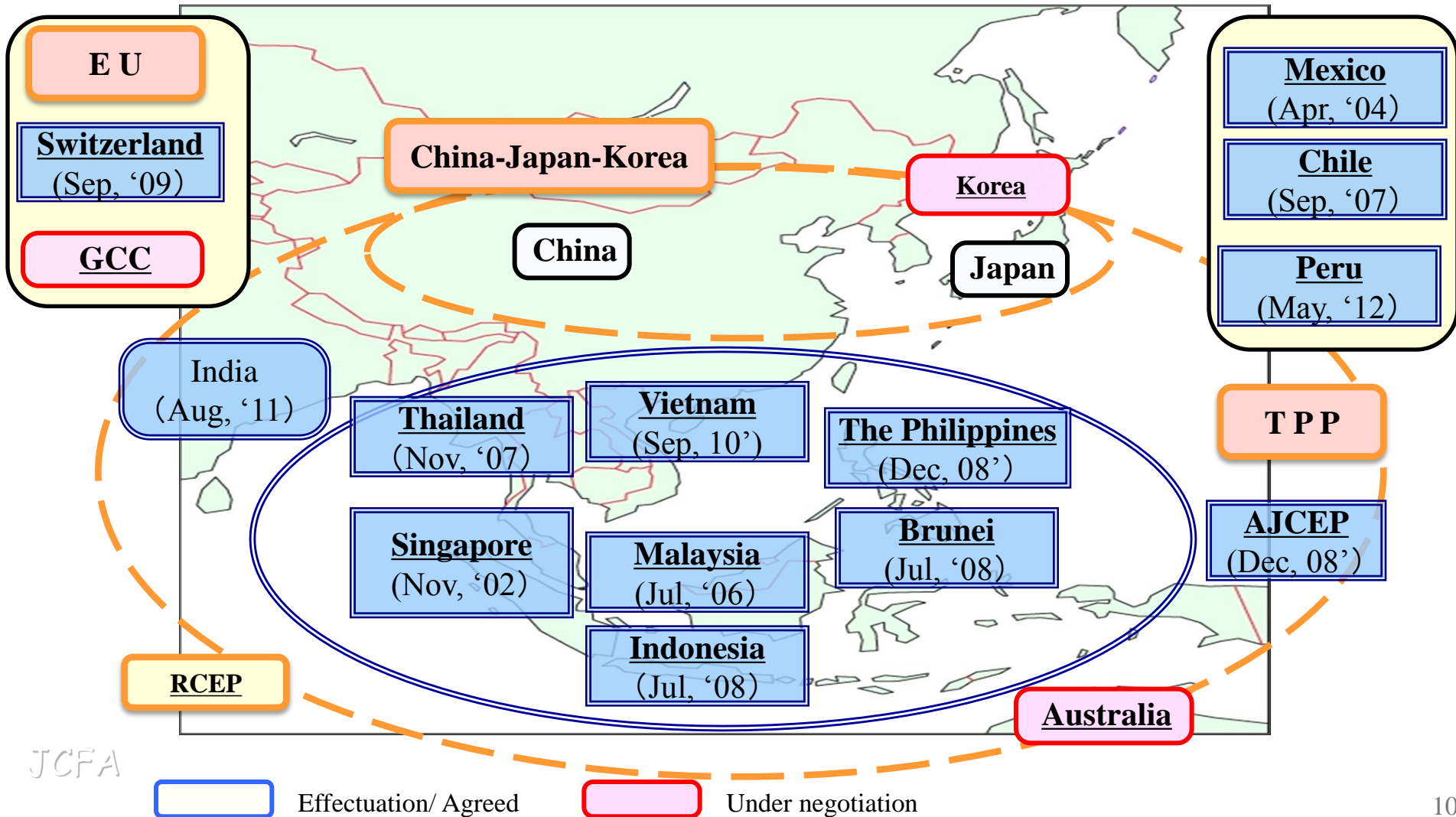


Fig 11 Impact of 3 major FTAs under negotiations to Japan's Textile trade

(Billion Yen)

FTA/RTA	Export from Japan(2013)	Import to Japan(2013)	Average Tariff rate
Japan-China-Korea	345.6	2,993.1	China: 5-19% Korea: 8-13%
Japan –EU	74.4	196.2	EU: 4-12%
TPP* (USA)	60.4	55.0	USA: 4-32%
Total of the above 3 mega FTAs	480.4 (55%)	3,244.3 (78%)	
Existing FTAs*	202.3 (23%)	699.7 (17%)	

() shows the % share of total trade value

Existing FTAs: ASEAN-Japan, India-Japan, Mexico-Japan, Peru-Japan, Chile-Japan and Switzerland-Japan

