



**Report on  
Visit of AEPC Delegation to Japan  
(19-20 July, 2011)**



**Japan**



**India**





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## **Report on AEPC Delegation to Tokyo, Japan 19<sup>th</sup> to 20<sup>th</sup> July, 2011**

1. The Indian delegation was represented by Mr. Premal Udani, Chairman - AEPC and Mr. Vijay Mathur, Deputy Secretary General-AEPC. The AEPC delegation arrived in Tokyo on 19<sup>th</sup> July, 2011.

### **Objectives of the visit of the Delegation:-**

- To demonstrate the solidarity of India with Japan after devastating calamities happened during March 2011.
- To sensitize apparel industry of Japan about Comprehensive Economic Partnership Agreement (CEPA ) and increase the engagement of businessmen from both the countries.
- To discuss CEPA with prominent buyers of Japan and understand emerging requirements particularly from India.
- To meet Media and to convey that India is a reliable supplier of garments.
- To promote Source Zone event and encourage participation from Japanese fabric / fashion accessories suppliers.
- To inaugurate India Pavilion at IFF, Tokyo, Japan.

2. **19.07.2011 at 7.00 PM.**

### **Venue of meeting: NIKKO Hotel, Tokyo**

Japan Textile Importers Association; Japan Textile Exporters Association; Ministry of Economy, Trade and Industry, International Textile and Garment Trade Office hosted meeting-cum-dinner in the honour of Mr. Premal Udani, Chairman-AEPC.

This dinner meeting was attended by the AEPC delegation, Mr. Kamiyama, Interpreter. From the Japanese side, the meeting was attended by

1. Mr. TSUNEO KOMURA, Executive Managing Director, Japan Textile Importers Association & Japan Textile Exporters Association (Headquarters) 7-14, 1-Chome, Nihonbashi-Honcho, Chuo-Ku, Tokyo 103-0023, Phone: (03) 3270 0792, Fax: (03) 3270 0795, Email: [0032@jtia.or.jp](mailto:0032@jtia.or.jp)
2. Mr. TAKAKAZU KITATANI, Director, Ministry of Economy, Trade and Industry, International Textile and Garment Trade Office, Manufacturing Industries Bureau, 1-3-1 Kasumigaseki, Chiyodaku, Tokyo 100-8901, Japan, Tel: +81 3 3501 1713, Fax: +81 3 3501 6790, Email: [kitatani-takakazu@meti.go.jp](mailto:kitatani-takakazu@meti.go.jp), Website: [www.meti.go.jp](http://www.meti.go.jp)

Shri Premal Udani, Chairman, AEPC, first of all, congratulated Japan for overcoming natural calamity and demonstration of India's support in participation in IFF, Tokyo. The Japanese side appreciated the gesture of Chairman, AEPC.

After introductions and exchange of pleasantries, Chairman, AEPC, made a presentation. The presentation was made in Japanese script. The introduction and speech of Chairman, AEPC, given in English was translated by interpreter.



*(Mr.Premal Udani, Chairman-AEPC welcoming Mr.Takakazu Kitatani, Director METI)*

The presentation gave a brief background of AEPC and its various fields of activities. It talked about more than 29,000 apparel-manufacturing units, which are situated in various clusters across India. These units provide employment to 6 million workers directly and indirectly. India exports 236 types of RMG products all across the world at HS 6 digit (knitted and woven both).

Chairman spoke about the advantages of sourcing from India like cheap and skilled labour, availability of raw material across the value chain, quality product and compliant units. India is the third largest producer of raw cotton after China and US, second largest producer of cotton yarn, second largest producer of cellulosic fiber/yarn, second largest producer of silk, fifth largest producer of synthetic fibre/yarn and largest producer of jute.

The details of Indo-Japanese garment trade were discussed and the list of all the fairs held in India was given. Chairman, AEPC informed them that selected buyers

are given airfare to Delhi and three nights 5-star hotel stay to come and source from IIGF and Tex Trends India 2012. In the presentation, he gave the details of the comprehensive export promotion programs including India's participation in various established fairs across the globe, stand-alone exhibitions in Spain, Uruguay, Chile, etc. He also gave details about Source Zone 2011, IAM and the various schemes of Textile Ministry and Commerce Ministry that support the initiatives of AEPC.

Chairman, AEPC inquired Japanese side about the duty free status of Japan with other countries. They mentioned that they have arrangements with ASEAN, Peru, Chile and also with Bangladesh as least developing countries. They informed that they have developed business with China over the period of last 4 to 5 decades and now Japanese fabrics are exported to China where they are fabricated and returned back to Japan for sales. Chairman, AEPC inquired Japanese side whether buyers are aware of CEPA. It was informed that all of them are well aware of CEPA. It was further informed by them that Japan has invested in China where the labour cost is going up this year. China supplies both branded as well as general apparels. It was further informed by them that they were in discussion for creation of fashion forum which could be the platform for formal dialogue and exchange of ideas. Japanese side complimented India on healthy GDP growth. Chairman, AEPC suggested that JTIA and METI should conduct seminars in India with top apparel buying fraternity at a date and time convenient to them. Chairman, AEPC informed that new fabrics, which are bacteria free or anti-precipitant, odorless, can be imported by Indian garment manufactures in order to prepare new value-added range for Japanese market.

3. 20.07.2011 at 10.00 AM

Participation in the opening Ceremony of IFF, Tokyo, Japan

The Indian side was represented by Mr. Premal Udani, Chairman; Mr. Vijay Mathur, Deputy Secretary General and Mr. Arun Goyal, Minister (Economic & Commercial), Embassy of India, Tokyo, Japan. The Japanese side was represented by the following:-

- Mr. Masahiko Miyake, Board Chairperson, Japan Fashion Week Organization
- Mr. Tsuneaki Eguchi, Director of the Board Senior Executive Officer President, Textiles Company of Sumikin Bussan Corporation.
- Mr. Katsuhiko Hirai, Senior Advisor, M/s Toray Industries Inc.
- Mr. Tetsuya Watanabe, Director, Creative Industries Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry
- Mr. Osao Shirako, President, M/s Senken Shimbun Co. Ltd.

The inaugural session started with brief speeches by senior officials of Senken Shimbun Co. Ltd. This was followed-up ribbon cutting ceremony.

#### **4. 20.07.2011 at 10.15 AM**

##### **Inauguration of India Pavilion**

The inauguration of India Pavilion was done by Mr. Premal Udani, Chairman-AEPC and Mr. Arun Goyal, Minister (Economic & Commercial), Embassy of India, Tokyo, Japan. It was done through ceremonial ribbon cutting ceremony.



*(Mr. Arun Goyal, Minister (E&C), EOJ, Japan & Mr. Premal Udani, Chairman-AEPC inaugurated the India Pavilion)*

In the inaugural ceremony, there was participation of senior officials.



*(Mr. Premal Udani, Chairman-AEPC, Mrs. & Mr. Arun Goyal, EOJ Japan, Mr. Vijay Mathur, DSG-AEPC and senior officials of Senken Shimbun at India Pavilion)*

Thereafter, the entire delegation visited AEPC stalls and visited the participants.



*(Japanese buyers in India Pavilion)*

5. 20.07.2011 at 11.00 AM



AEPC organized three fashion shows of a duration of 18 minutes each to showcase apparel products of India. The first show was organized at 11.00 AM (the subsequent shows were done at 1.30 PM and 3.30 PM on all the three days). Before the fashion show, Mr. Premal Udani, Chairman-AEPC briefly addressed a large gathering of buyers and all the representatives from Senken Shimbun Co. Ltd.

*(Mr. Premal Udani, Chairman – AEPC gives opening remark before Fashion Show)*

Chairman-AEPC congratulated Japan for overcoming the natural calamity happened during March, 2011. He said that the large Indian contingent is here to support Japan and to strengthen Indo-Japanese friendship. He said that with the signing of Comprehensive Economic Partnership Agreement (CEPA) India can become a strong sourcing destination for apparels. Thereafter, fashion show was organized.





*(Glimpses of Fashion Show)*

This was organized with the Japanese agency M/s Willingdam. It was choreographed by Ms. Simirta Singh and 24 samples were displayed in each show. The fashion show was appreciated by the buyers, journalists and other guests.

**6. 20.07.2011 at 12.30 PM**

Japan Textile Importers Association, Tokyo, Japan hosted a meeting-cum-lunch in the honour of Mr. Premal Udani, Chairman-AEPC.

After exchange of pleasantries and visiting cards, formal introduction was made. Mr. Premal Udani, Chairman, AEPC described in detail the purpose of the visit of delegation, background of AEPC, its sphere of activities and gave in nutshell the contents of the Power Point Presentation. He said that it is surprising that the share of Indian RMG in the Japanese market has remained around US\$150 to US\$200 Million, despite Japan being number 3 buyer in world. The main focus of the visit of AEPC delegation is to find out ways and means to increase the apparel exports from India to Japan. India and Japan have very strong economic and cultural ties and the

delegation is looking forward for help and cooperation from buyers to boost RMG exports from India.

Mr. Premal Udani gave a detailed account of Comprehensive Economic Partnership Agreement (CEPA) between Japan and India, which is going to be effective from 1<sup>st</sup> August, 2011.

Chairman-AEPC said that this is a historic moment and both countries should take advantage of this agreement. He said that AEPC's delegation is here to explore the possibilities of faster implementation of CEPA for both sides benefit. He said that at present the garment exports from India to Japan is quite low as compared to the potential available. He said that there is an immediate potential of increasing the garment exports to a level of US\$ 1 billion in next 2-3 years time, provided our mutual engagements increase. He offered that Japanese buyers should come to India at a date & time convenient to them where AEPC can arrange a Buyer Seller Meet with a large number of potential suppliers. He said that the strong Yen and the duty free status gives nearly 30% advantage to Japanese buyers and India is a hot sourcing destination. Chairman further said that this is the right opportunity for Japan to invest in India. Chairman said that some of the best labels like Giorgio Armani, Macy's, GAP and lower value buyers like Walmart etc. are sourcing from India. The Indian garment exporters can fine tune orders as per the Japanese requirement. He further said that some of the Japanese operation in China can be shifted in India since the cost of manufacturing in China is increasing. He further said that India offers very good cotton fabrics and is a reliable supplier and India has also resolved the quality issues gradually.



*(Lunch hosted by Japanese buyers for Mr.Premal Udani, Chairman-AEPC)*

Chairman-AEPC further said that India is a true friend of Japan and India can offer to Japan even the autumn winter range comprising suit, outerwear, woollen knitwear and wool blends. Chairman further explained that India offers mostly spring summer collection and in order to overcome quality problems, Japan must give orders for autumn winter so that there is a continuity in the maintenance of quality. He further said that there are a large number of garment exporters, who are exclusively working for Japanese market. He further said that Triple Eye Company is functioning in India, which can take care of quality inspection. Chairman-AEPC informed the Japanese side that India is ready to invest in machine & products and can use Japanese technology, machine & material. It was explained by Japanese side that Uniqlo, Marubeni, Sumitomo etc. have direct buying from India. Chairman further gave the example for Suzuki company, which is operating in automobile sector in India, who have captured around 65-70% car market share. He said that this company is considered to be the Indian company. He invited all buyers to come to India and encourage them to enter into joint ventures and collaborations under new CEPA. The buyers said that in India

there are products, which are produced in different regions, whereas in China they can find everything at one place. However, buyers appreciated that India has skilled workforce and has lot of hand work. They also said that India has cotton and therefore they always look towards India for supply in cotton apparel.

Chairman-AEPC enquired about their sourcing of apparel from other countries. It was informed by the buyers that they source the garments from Vietnam, Indonesia and Bangladesh, where the fabric for garment manufacturing is imported from China. Chairman-AEPC explained that the cotton prices have now gone down from its peak. He further said that India is in flavor. He said that in recently held India International Garment Fair (IIGF), there were buyers from all over the world including Russia, Japan, Latin America, USA, Canada etc. He further said that in the recent surprising development, India would be participating in Chengdu Fair in China, where India proposes to sell garments even to China.

Chairman-AEPC invited the buyers to come to India. It was explained to AEPC delegation that at present the Japanese buyers are not travelling abroad because of cut in expenditure.

The Japanese side wanted to know about the domestic apparel chain. It was informed to them that India has shown a remarkable growth in apparel retailing Future Group Pantaloon and 8-10 other big chains have already started work in India and around 20% growth each year has been seen in the recent years.

Chairman-AEPC requested list of JTIA members to be given to AEPC so that we can post them about our AEPC newsletters and also recent developments happening in apparel manufacturing sector.

7. 20.07.2011 at 4.00 PM

**Meeting with Senken Shimbun Co. Ltd.**

Chairman, AEPC talked about AEPC which is an autonomous export council sponsored by Ministry of Textiles, Govt. of India. The main purpose of the delegation is to increase the share of India's RMG in the Japanese market. The Indian garment exports is about 200 US million dollars. He said that we need the help to find out ways and means to increase this.

In china the labour cost is going up and the Indian garment exporters can do the whole range of RMG from low value to very high price. He mentioned that very few countries have strength across the textile value chain like India. The Indian export of textile product is 25 US billion dollars out of which 11.5 US billion dollars is RMG.

Then Chairman-AEPC gave copies of presentation regarding advantage of sourcing from India. He said that Indian suppliers are supporting IFF, Tokyo and it is our tribute to Japan. The Japanese side praised India for their strong support by way of bringing large number of exporters and also for the fashion show, which India has organized. Chairman-AEPC informed that in order to popularize IFF, Tokyo, AEPC in the last six months have worked very hard. AEPC has sent information to garment exporters through around 14000 e-mails; 7000 personal letters; another 7000 letters from Secretary (Textiles), Ministry of Textiles, Govt. of India; 1000 phone calls and through 600 personal contacts by AEPC officials. Mr. Osao Shirako of Senken Shimbun Co. Ltd. appreciated the efforts taken by AEPC. Chairman-AEPC said that there is a need of popularizing India in Japan

particularly after the signing of CEPA. He said that once in a month Senken Shimbun can publish article about India and also on apparel manufacturing. He said that AEPC will be happy to provide some material for such articles. He further said that India is the largest producer of organic cotton and Japan can take advantage of this. Enhanced buying of garments from India not only will help Japan to fill-up the gap created by China but also it will give employment to a large number of people in India. He further said that Senken Shimbun may arrange a visit of apparel buying companies to visit India. Around 20-30 large companies may be invited to come to India sometimes in the month of November, 2011 for an exclusive show. He further said that the fashion books published by Senken Shimbun can be kept in AEPC's library. Mr. Kamiyama, Consultant offered that he would collect the magazines for AEPC.

Chairman-AEPC said that AEPC shall be organizing Tex-Trends India, 2012 on behalf of Ministry of Textiles where Senken Shimbun can publicize the event with regular write-ups. He said that Mr. Inada, Journalist from Senken Shimbun has been coming to India for the last 2-3 years and has been writing continuously. This effort should be continued. Chairman-AEPC further said that AEPC will once again come in IFF, Tokyo during July, 2012 and requested that same location will be given as was allocated in 2011. Mr. Osao Shirako thanked Mr. Udani for his visit and said that they will continuously write about India.

Chairman-AEPC said that main purpose to come to Japan is to an established formal relationship between the buyers of Japan and AEPC so that sourcing from India can be increased.

Meeting ended with a vote of thanks.

**8. 20.07.2011 at 5.00 PM**

- (a) During the IFF, Tokyo show, Chairman-AEPC gave a detailed account of Source Zone. He mentioned that this is India's premier sourcing show, which has started during 2011. He said that in the second edition, which is going to take place from 9-11 November, 2011 at Apparel House, Gurgaon, fabric & accessory suppliers from China, Thailand, Hong Kong, Taiwan etc. have confirmed their participation.

Mr. Yoshiharu Kaihara, Director, Japan Fashion Week Organization; Mr. Mutsuko Tatsukami, Secretary, JFW Japan Creation; Izumi Katada, METI; Mr. Yutaka Nakamura, Japan Creation, Tokyo; Mr. Satoshi Sakurai, METI; Mr. Akira Kawashima, JFW Japan Creation and Tsuyoshi Kanemaki were present. They were advised to firm-up their space requirement and inform to AEPC. Later, they have desired to take in total 144 sq. mtr. in Source Zone, 2011.

- (b) Mr. EIICHI TO introduced Mr. Takeshi Katsumata, General Manager of M/s Marubeni. Mr. Takeshi Katsumata visit India 3-4 times in a year and will now concentrate on buying more apparel & accessories from India. He visited all Indian exhibitors

9. (a) **General Information about number of buyers in International Fashion Fair (IFF), Tokyo, Japan & Business Potential**

Date	No. of visitors
July 20, 2011	6291
July 21, 2011	8859
July 22, 2011	9025
<b>Total</b>	<b>24175</b>

(b) Business potential expected :- US\$28.75 Million

10. **Some of the quotes, which appeared in the newspaper clippings of Print Media in Japan demonstrating brilliant comeback of Japan after Tsunami.**

- *“29<sup>th</sup> April has become a most memorable “Earthquake Recovery Kick Off Day” not just for Miyagi prefecture residents but for all the people in the Tohoku Region”.*
- *“Masatoshi Yamakawa, President of even brilliant Co Ltd., Onodera’s employer, travelled to a bank in Sendai on 15<sup>th</sup> March to make a transfer to pay his suppliers. “It is such a difficult time, surely they can wait”... said the bank clerk, but Yamakawa said, “On-time payment is trust. It is tough*

*for us, but if we don't pay the apparel company, they will have difficulties, too". He says it as if it is the most ordinary thing in the world".*

- *"Several hydrogen explosions and the subsequent release of radioactive matter significantly led retailers in other parts of the country to refuse delivery or cancel orders for goods manufactured in Fukushima prefecture. Fukushima prefecture is home to many textile and garment factories. Some logistics companies refused to collect and deliver to the area as well. As if being devastated by the earthquake and tsunami were not enough, harmful rumours and the national reaction to the disaster by cutting back on consumption added to the challenges for the textile and garment manufacturers of Fukushima prefecture in a 'quadrilemma'.*

*Major specialty stores chain HONEYS, headquartered in Iwaki city, Fukushima resumed operations right around that time. It was on 23<sup>rd</sup> March, less than two weeks from the earthquake. Yoshihisa, Ejiri, President, says, "There was a shortage of petrol needed for the employees to commute and there was no water, so it was very difficult even though we managed to resume operations. But after one week, things gradually began to go back to normal."*

- ***Supportive consumption begins nationwide***

*"Around the time regular telephone service began to resume, Masako Suzuki, Managing Director, and other members of senior management of M-TWO International Co Ltd., based in Iwaki city of Fukushima prefecture who sells such popular brands as COMME des GARCONS and John Galliano, continued to call their customers in the affected coastal areas to*

*confirm their safety. When they finally got through to people and were able to talk, their customers thanked them for remaining in Fukushima. Some goods were damaged and much of the goods were past their peak selling season, but they decided to reopen the store at the beginning of April. On 1<sup>st</sup> April they opened the suburban store first, followed by the one in the heart of the city, “Even though there is nothing I want, buying will support the store.” Said their wealthy clientele who made purchases. Even, if they were merely buying out of sense of duty or to support the business, Suzuki said they were very grateful.*

*On 3<sup>rd</sup> April, the Ministry of Economy, Trade and Industry spearheaded a meeting of the heads of companies in the textile related industry. Product samples from both in and outside the prefecture were laid out together and inspected to prove that the products from Fukushima are not contaminated by radiation. It was an effort to do away with the harmful rumours for once and for all. “The quick response from the textile industry is testimony to the good team work the industry enjoys, “says Kenichi Tomiyoshi, Director, Textile and Clothing Division & Fashion Policy Office Manufacturing Industries, with surprise.*

*On 11<sup>th</sup> April, another significant aftershock hit the region, damaging facilities and victimizing many people widely across the Tohoku Region, but it failed to thwart the business’ strong determination to resume operations, as shopping centres and specialty stores reopened gradually thereafter. EGOIST, a gal’s brand and tenant of Sendai FORUS which resumed business on 17<sup>th</sup> April, sold US\$ 61,000 on the first day. Even at times of crises, people want to enrich their lives. “We want fashion to help heal the*

*affected people's hearts." Onodera's store, eve, resumed operations on 1<sup>st</sup> April, and many customers who had evacuated or relocated came to shop".*

*"Yuichi Kumagai, owner of boutique PIRATES in Ishinomaki reopened his store on 29<sup>th</sup> April, and leading up to it, launched a blog. At the beginning of his blog, he wrote "Welcome to PIRATE ship. We have overcome and tsunami and are ready to set sail again.".*

- *"What did 3.11 bring to the fashion industry? It may sound a bit cold, but the actual fact is that there really is not that much change. A large number of people made purchases under the slogan. "Let's boost Japan's Energy from the West! Such team work and organization is what Japanese are known for. People who put trust above all else and honor payment and delivery deadlines despite adversely or emergencies have always been around. All these things are virtues that Japanese have always been renowned for".*

Demonstrates fast recovering Japanese Markets

### **A note on Japan**

#### **Japan: India-Japan CEPA Provides Good Opportunity to Apparel Exporters**

For three decades, overall real economic growth had been spectacular - a 10% average in the 1960s, a 5% average in the 1970s, and a 4% average in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the after effects of inefficient investment and an asset price bubble in the late 1980s that required a protracted period of time for firms to reduce excess debt, capital,

and labor. Government stimulus spending helped the economy recover in late 2009 and 2010, but Tokyo is warning that GDP growth will slow in 2011.

Measured on purchasing power parity (PPP) basis that adjusts for price differences, Japan in 2010 stood as the third-largest economy in the world after China, which surpassed Japan in 2001.

Detailed macro-economic indicator of Japan is given in table 1.

<b>Table1: Key Macro-Economic Indicators of Japan</b>		
<b>Details</b>	<b>Year</b>	<b>Figures</b>
Population	(2010 est.)	126,475,664
Population Growth Rate	(2010 est.)	-0.278%
GDP (Purchasing Power Parity - PPP)	(2010 est.)	\$4.338 trillion
Annual Rate of Inflation	(2010 est.)	-0.7%
GDP Per Capita (PPP)	(2010 est.)	\$34,200
Industry	(2010 est.)	23%
<b>Major Ports</b>	Chiba, Kawasaki, Kobe, Mizushima, Moji, Nagoya, Osaka, Tokyo, Tomakomai, Yokohama	

**Source: World Fact Book, CIA**

Total export of Japan stood US\$ 769839.4 million in 2010 which increased by 32.7 per cent from 2009 while total import were to the tune of US\$ 692620.6 million almost 25.5 per cent higher than 2009. Japan exported 1.2 percent of total export to India while in its total import from world India accounted for less than 1 per cent share in 2010. India's share in Japan's export has increased by .1 per cent in 2010 from 2009 and share in import also increased from .7 to .8 per cent in 2010.

In Japan's total export, apparel sector accounted for less than .1 per cent share while in import accounted for around 4 per cent in 2010. Japan's apparel export to world in 2010 stood for US\$ 384 million which was 9 per cent higher than 2009 and import stood for US\$ 25262.2 million which is 5 per cent higher than 2009.

Japan's import of knitted garment is higher than the woven garment and in the last three years share of knitted garment in total garment import has increased substantially. Import from India was higher for woven garment compared to knitted garment and same remained true for 2010 also. Overall apparel import from India has increased by 6.2 per cent in 2010 compared to 2009. Below in the table 2 segment wise import of Japan from world and India is given.

<b>Table 2: Japan's Import of Apparel From India and World, US\$ million</b>			
<b>Years</b>	<b>World</b>	<b>India</b>	<b>India's Share in Import in %</b>
<b>2007</b>	22597.5	152.3	0.67
<b>2008</b>	24216.3	182.3	0.75
<b>2009</b>	24069.8	192.7	0.8
<b>2010</b>	25262.2	204.6	0.81
<b>Growth in % 2010/2009</b>	5	6.2	1.1
<b>Source: UN Comtrade, 2011</b>			

China is the top most apparel supplier to Japan. India is the *sixth* largest apparel supplier after China Vietnam, Italy, Thailand, and Korea Rep. China accounts for almost 84 per cent share in Japan's total apparel import from world while India accounted for .8 per cent in 2010. Vietnam which is second largest apparel supplier to Japan accounted for around 5 per cent share in total apparel import of Japan. Among the top seven suppliers except for Italy rest of the other partners have

registered positive growth from 2009 and Bangladesh has registered highest growth among them. Apparel imports from India has grown but marginally.

Below in the table 3 and Fig 1 top 7 apparel import partner of Japan and their relative position are shown:

<b>Rank in 2010</b>	<b>Countries</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Share in 2010 in %</b>	<b>Growth in %2010/2009</b>
	World	22597.5	24216.3	24069.8	25262.2	100.0	5.0
1	China	18967.6	20381.7	20261.7	21103.1	83.5	4.2
2	Vietnam	690.7	835.7	1007.4	1162.5	4.6	15.4
3	Italy	956.2	937.3	706.0	653.5	2.6	-7.4
4	Thailand	214.1	240.0	248.5	269.0	1.1	8.3
5	Korea, Rep.	226.0	199.7	202.9	217.1	0.9	7.0
6	India	152.3	182.3	192.7	204.6	0.8	6.2
7	Bangladesh	29.6	45.3	120.5	196.9	0.8	63.3

**Source: UN Comtrade, 2011**

**Source: UN Comtrade, 2011**

### **Japan's Apparel Import AT HS four Digit**

Japan Imports 34 products at HS 4 digit from world. Among the 34 items there were eight categories where there had been decline in import from last year while rest of the twenty six categories registered increase in import. Categories which

registered decline from previous year were 6215, 6213, 6110, 6217, 6208, 6207, 6112, and 6101.

Highest growth was registered by the 6102, import of which increased by 33 per cent in 2010 from 2009. Top three apparel imports from India at HS 4 digit are 6204, 6206(Women/Girls' Blouses, Shirts & Shirt-Blouses) and 6214 (Shawls, scarves, mufflers, mantillas, veils and the like). These three items accounted 67 per cent share in India's total export to Japan.

In Fig. 3 relative position of Japan's top 5 apparel import from India at HS 4 digit is depicted.

*Source: UN Comtrade, \*Bubble size depict Japan's Apparel Import from world, in US\$ Mn.(Product name in yellow color at HS 4 digit and values are in brackets)*

### **Japan's Apparel Import AT HS Six Digit**

There are 218 apparel items imported by Japan at HS 6 digit from world. In 2010 there were 133 product categories that registered positive growth while rest of the 85 categories registered decline from previous year. In case of import from India 76 product categories registered decline and rest of the 68 categories registered increase in the import from last year. Top 3 apparel export from India to Japan were 620630 (Blouses, Shirts & Shirts-Blouses of Cotton), 620442(Dresses Of Cotton), 621420(Shawls, Scarves Etc Of Wool/Fine Animal Hair).

In the table 4 top three import items from world are given. India's share in these product categories stood around 1 per cent.

**Table 4: Japan's top 3 import of apparel at HS 6 digit, US\$ Million**

HS Code	Description	World			India			
		2009	2010	Growth in % 10/09	2009	2010	Share in % 10	Growth in % 10/09
<b>611030</b>	jerseys etc of man-made fibres	2131.2	2211.4	3.8	0.4	0.4	0	-7.8
<b>611020</b>	jerseys etc of cotton	1423.5	1242.5	-12.7	4.1	3.2	0.3	-20.4
<b>610910</b>	t-shirts etc of cotton	1295.9	1205.9	-6.9	6.3	9.6	0.8	51.5
<b>620462</b>	Trousers, Bib And Brace Overalls, Breeches And Shorts Of Cotton	1150.6	1135.4	-1.3	5.1	5.2	0.5	2.0
<b>610990</b>	T-Shirt Etc Of Other Textile Materials	503.5	769.9	52.9	0.4	0.4	0.1	1.1

**Source: UN Comtrade**

**Competitive Picture of Indian apparel export in Japan:** Below in the table 5 competitive positions of top 7 suppliers for top three items is given as these top 3 items constitute more than 40 per cent share in total apparel import of Japan from world. China has been found the dominant supplier followed by Vietnam. India

remained at the sixth position for two products and at third for one product category.

<b>Table 5 : Competitive Position of India's apparel Export in Japan, US\$ Million</b>				
<b>HS Code</b>	<b>Description</b>	<b>Import from World</b>		
		<b>2010</b>	<b>Share of Top 6 Suppliers in %</b>	<b>Growth in %10/09</b>
6110	Jerseys, Pullovers, Cardigans, Waistcoats & Similar Articl, Knitted/Crochtd	4088.1	China(90.4), Vietnam(2.1), Italy(2.5), Thailand(0.5), Korea Rep.(0.9), Bangladesh(0.4), India(0.1)	-2.9
6204	Women's/Girls' Suits ,Ensembles, Jackets, Dresses, Skirts, Trousers, Bib & Brace Ovrals, Brechs & Shorts Etc(Excpnt Swimwear)	3487.9	China(82.8), Vietnam(3.4), Italy(3.3), Thailand(0.3), Korea Rep.(0.7), Bangladesh(0.9), India(1.8)	3.6
6203	Men's Or Boys' Suits, Ensembles, Jackets Blazers, Trousers, Bib & Brace Overall Breeches & Shorts(Other Than Swimwear)	2234.5	China(74.5), Vietnam(8.2), Italy(4.6), Thailand(0.5), Korea Rep.(0.07), Bangladesh(2.5), India(0.7)	0
<b>Source: UN Comtrade</b>				

Recently concluded India-Japan CEPA has given tariff advantage to Indian apparel exporters to Japanese market as apparel import is duty free in Japan from India. Earlier Japan used to apply 9.2 % applied MFN AV on apparel imports now there will be no duty on imports of apparel from India.

### **Characteristics of the Japanese Market.**

- It is a highly sophisticated consumers' market, which is full of various information and requires small-lot, wide-range, and short cycle deliveries of supply.
- The consumption is very diversified.
- The market is constantly oversupplied, and is flooded with more than enough merchandise supply.
- It is a very severely competitive, open market.
- Consumers demand extremely high quality products
- Consignment sales to retailers, which are very traditional business practice in Japan, is still carried on in some sectors.
- The SPA(Specialty store retailer of Private label Apparel) type of companies are on the increase.

### **Recommendations**

1. It is recommended that AEPC may participate in IFF Fair to be held in July, 2012. AEPC may put up a proposal under MAI.
2. AEPC may write to Senken Shimbun, JTIA, Embassy of India and major buyers like Marubeni, Sumitomo to mount a visit of the buyers to India for arranging an exclusive Reverse Buyer Seller Meet during 2011-12. For this, a suitable MAI proposal may also be sent for inviting 40 buyers, air fare, hotel stay, publicity and other promotional measures to invite them under the guidance of Embassy of India, Japan.
3. Along the sideline of IFF - Tokyo, a garment show was organized by ITPO at Osaka on similar dates. Ministry of Textiles may be requested to pursue with ITPO to organize their event with a gap of 2-3 days so that buyers across Japan can visit both the shows.
4. AEPC may explore the possibility of entering into an MOU with JTIA / METI for faster cooperation, with the assistance of Embassy of India, Japan.

5. Some clarity is required about timely issuance of Certificate of Origins (Cos) from Export Inspection Agency / Textile Committee so that preferential duty benefit can be availed by exporters without any problem.
6. Fashion magazines from Japan, subscription to WGSN etc. may be taken to prepare exporters for making a proper collection for Japan.
7. AEPC may engage consultants, who could help in making quality collection and also collection for autumn winter season. For this, a proper project under MAI may be submitted for the period 2012-13. The consultants may visit all important centers in India and have at-least one day seminar followed by one day workshop.

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