

Report of Down and Feathers Market in Japan 2018



JDFA Japan Down Products Corporative Association
Presented by Mr. Masao Yamamoto

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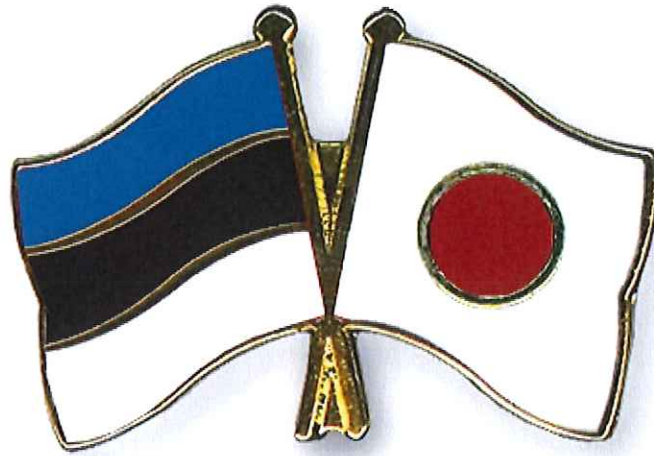
The Economy in Japan from 2017 to 2018

Since the start of the Trump Administration of the U.S. in January 2017, the Dow Jones Industrial Average has been extremely bullish, exceeding 24,700 at the end of December 2017, rising more than 24% from the start of 2017, partly due to the corporate tax cut measures announced in December. Due to concern over interest rate increases, this bullish trend in stock prices suddenly halted when the Dow Jones Industrial Average marked a record high of 26,149 in early January 2018. Since February, the Dow Jones Industrial Average has decreased to the level of October 2017, due to the imposition of additional customs on steel and aluminum by President Trump and concern over trade war with China. Future prospect for the economy is dimmed with concerns and opaqueness.

自去年9月以来，羽绒制品的销售情况尚有好转并保持稳定状况，但是新年过后销售情况又呈现出低迷趋势。另一方面，欧美、中国、韩国由于受到寒冬的影响，羽绒服销路极好，反而造成了从年底开始羽绒原料价格上涨的原因。在这种情况下，日本羽绒同业者非常担忧今年秋冬的商业竞争局面。

In such environment, the sales of down and feathers products had remained solid since September 2017, but have slowed since the beginning of 2018. On the other hand, the sales of down jackets were robust in the U.S./Europe, China, and South Korea, by virtue of the extremely cold winter. The price of raw down materials has been rising since the end of 2017, and people involved in the down and feathers market in Japan are facing challenges as they head towards the shopping season in the autumn and winter of 2018.

Part 1 Latest Situation of Down Quilt Market in Japan



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The production volume of down quilts in 2017 was 1,296 thousand sheets, a slight 0.6% year-on-year decrease. On the other hand, the import volume of down quilts in 2017 was 2,736 thousand sheets, up 22.2% from 2016, further increasing the percentage of imported down quilts over total volume to 68%.

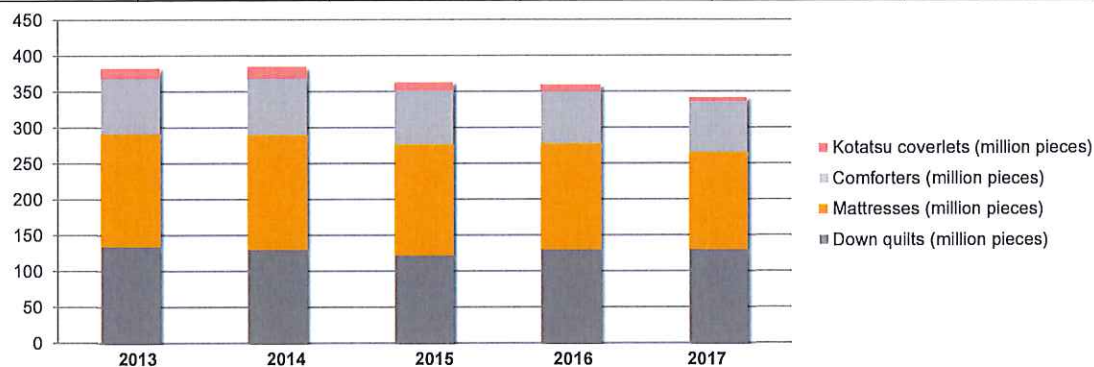
2017年羽绒被褥生产量为1,296千条,与上年同比略有减少0.6%。另一方面,2017年羽绒被褥的进口量为2,736千条与上年同比增加了22.2%、进口比率大幅增加,占整体的68%。

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Production Volume of Futons from 2013 to 2017

Year	Down quilts (million pieces)	Mattresses (million pieces)	Comforters (million pieces)	Kotatsu coverlets (million pieces)	Total (million pieces)
2013	134	158	77	14	383
2014	130	160	79	16	385
2015	122	155	75	11	363
2016	130	148	72	10	360
2017	130	136	70	6	342



(million pieces)

Import of Raw Down Materials from 2015 to 2017

In FY2017, the volume of raw down materials imported from China and Taiwan stood at 2,071 tons, accounting for 66% of the total import volume of raw down materials.

2017年度羽绒原料进口数量中，从中国、台湾的进口数量为2,071吨，占总进口量的66%。



Import of Raw Down Materials from 2015 to 2017 in Japan

Country	Quantity (Piece)			CIF Amount (Thousand Yen)			CIF Ave.Unit Price (Yen / kg)		
	2015	2016	2017	2015	2016	2016	2015	2016	2017
China	1,477,544	1,226,379	1,039,052	6,748,832	4,018,776	4,896,243	4,568	3,277	4,712
Taiwan	884,609	1,063,339	1,032,412	5,167,678	3,610,730	4,259,753	5,842	3,396	4,126
Poland	75,237	144,224	260,921	1,174,745	1,627,851	2,368,509	15,610	11,287	9,077
France	311,699	430,176	247,761	1,979,390	1,738,351	1,236,682	6,351	4,041	4,991
Hungary	77,136	345,832	242,044	790,705	1,897,333	1,737,982	10,251	5,486	7,180
Burgaria	37,523	66,620	85,486	186,540	273,585	423,695	4,971	4,107	4,956
Canada	23,817	50,886	56,380	190,348	261,302	315,133	7,992	5,135	5,589
Ukraine	6,301	31,655	43,901	31,375	274,891	453,508	4,979	8,684	10,330
Russia	18,294	37,473	39,897	281,006	356,402	372,277	15,361	9,511	9,331
Spain	0	24,591	33,737	0	111,868	179,637	0	4,549	5,325
Germany	5,790	27,216	19,871	94,768	141,504	138,315	16,342	5,199	6,961
Vietnam	130,140	113,240	12,080	471,956	332,769	27,751	3,627	2,739	2,297
Iceland	1,495	2,116	1,195	318,836	436,950	264,742	213,268	206,498	221,541
Others	31,530	49,817	17,830	222,004	231,385	100,217	8,951	4,644	5,620
TOTAL	3,081,115	3,613,564	3,132,567	17,658,183	15,313,697	16,774,444	5,731	4,238	5,355

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Import of Row Down Materials from 2015 to 2017 in Japan

In 2017, the import volume of raw down materials stood at 3,132 tons, a large year-on-year decrease (13%).

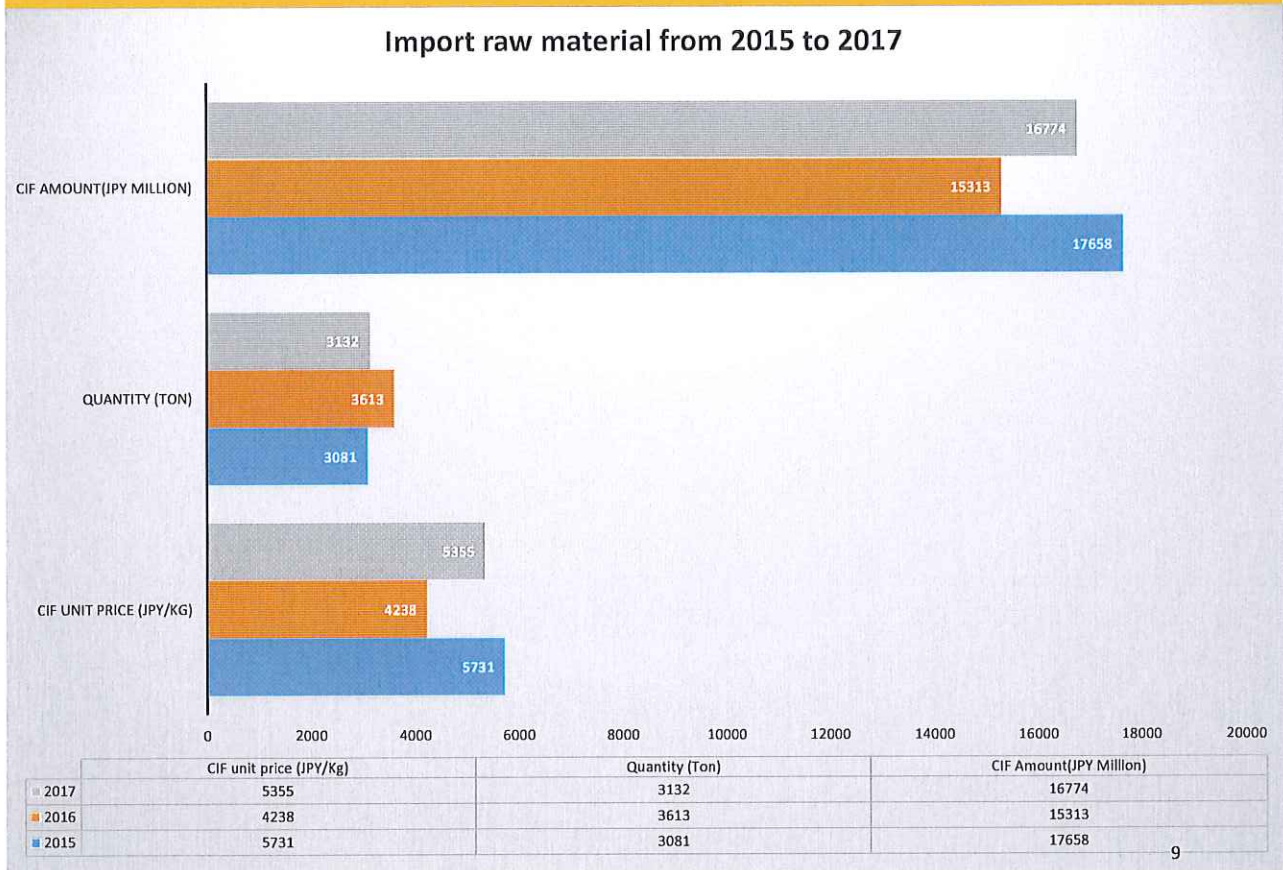
2017年羽绒原料进口数量为3,132吨，比上年大幅减少了481吨，减少幅度为13%。



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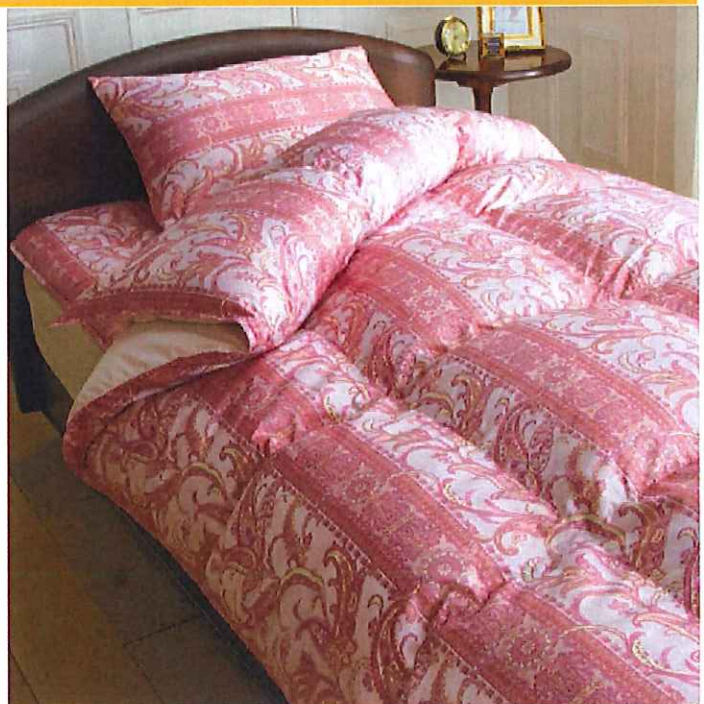
Import of Raw Down Materials from 2015 to 2017 in Japan



Import of Down Quilts from 2015 to 2017 in Japan

Out of the total volume of down quilts imported in FY2017, those imported from China and Vietnam stood at 2.72 million sheets, accounting for 99% of the total import volume.

2017年度羽绒被褥的进口量中，从中国、越南的进口数量为272万条，占整体数量的99%。



Import of Down Quilts from 2015 to 2017 in Japan

Country	Quantity (Piece)			CIF Amount (thousand Yen)			CIF Ave.Unit Price (Yen/Piece)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
China	1,649,407	2,032,014	2,573,458	7,265,347	6,845,705	8,914,711	4,405	3,369	3,464
Vietnam	229,179	183,552	146,225	1,365,172	711,823	733,720	5,957	3,878	5,018
Germany	9,990	7,263	4,800	407,906	283,848	217,767	41,244	39,081	45,368
USA	3,230	3,160	3,951	26,569	17,673	26,359	8,226	5,593	6,671
Taiwan	0	10,498	3,092	0	18,284	6,004	0	1,742	1,942
Denmark	2,146	2,317	2,928	48,469	31,575	46,704	22,586	13,628	15,951
Korea	0	0	628	0	0	7,112	0	0	11,325
Switzerland	553	390	306	24,479	16,016	13,862	44,266	41,067	45,301
Finland	312	315	130	14,784	17,258	5,500	47,385	54,787	42,308
Austria	161	88	88	10,602	11,678	9,165	65,851	132,705	104,148
Others	294	225	1,315	4,510	15,384	14,921	15,370	68,373	11,346
TOTAL	1,895,272	2,239,822	2,736,921	9,167,838	7,969,244	9,995,825	4,837	3,558	3,652

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Import of Down Quilts from 2015 to 2017 in Japan

In 2017, the import volume of down quilts significantly increased by 0.5 million sheets from 2016 (a 22% increase).

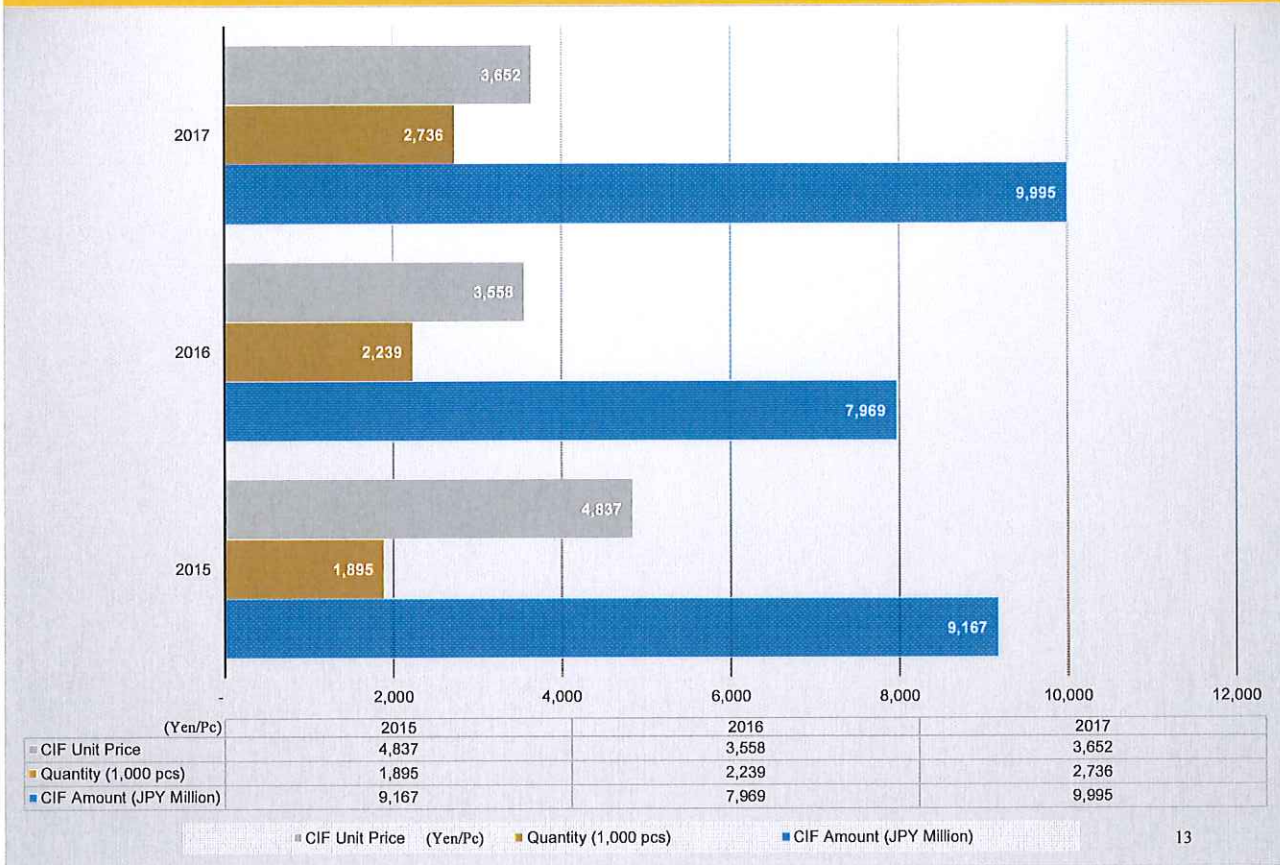
2017年羽绒被褥进口量比上年大幅增加50万条，增长幅度为22%。



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Import of Down Quilts from 2015 to 2017 in Japan



Part 2 Major Initiatives Taken by JDFA Over the Last Year



1) Control over Origin Labeling

1) 有关标示原产地方面的管理问题

1. Development to date:

By virtue of advice provided by the Ministry of Economy, Trade and Industry, since November 2017, JDFA and its upper organization, Japan Bedding Goods Association (hereinafter, "JBA"), had been jointly contemplating application of this method to organizations within JBA. The Board of Commissioners of JBA approved this proposal in March. In order to obtain the approval for application at the general meeting of JBA scheduled for June, efforts were made to finalize the details of operational rules, traceability standards, code of conduct, and audit standards, with the participation of external specialists, retailer organizations, and consumer organizations. At the same time, briefing sessions were held for the parties concerned in May.

1. 至今为止的经过

去年9月受到经济产业省的指导，因由本组合的上层团体机构日本寝具寝装品协会（JBA）内部来进行主管和运用。去年11月开始联合起来进行了研讨工作，在3月的JBA理事会上取得接管和运用工作的同意。将在6月的JBA总会上，正式批准主管和开展运用的事项。继续和外部有见识者，零售商团体、消费者团体一起，共同进行制定运用规定・追踪系统制度的规章，行动规范，监察规章等工作。同时5月已经向相关人员举办了说明会。

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2. Traceability Confirmation Documents for J-TAS

Procurement Classification	Direct Import (In-house processing) Importing raw materials directly from the country of origin and processing down and feathers in-house.	Direct Import (Processing in the country of origin) Importing processed down and feathers processed in the country of origin.	Direct Import (Outsourcing processing) Importing raw materials directly from the country of origin and outsourcing processing of down and feathers.	Indirect Import (Processing in a processing country) Importing processed down and feathers from the country of origin via a processing country.	
Supply Chain	A (I → III)	B (I → III)	C (I → III)	D (I → II → III)	
Confirmation Documents	Country of Origin	<ul style="list-style-type: none"> · Certificate of Origin · Invoice · Packing List · Veterinary Certificate · Bill of Lading TC System 	<ul style="list-style-type: none"> · Certificate of Origin · Invoice · Packing List · Veterinary Certificate · Bill of Lading · Records of processing down and feathers TC System 	<ul style="list-style-type: none"> · Certificate of Origin · Invoice · Packing List · Veterinary Certificate · Bill of Lading TC System 	<ul style="list-style-type: none"> · Certificate of Origin · Invoice · Packing List · Veterinary Certificate · Bill of Lading TC System
	Processing Country	<ul style="list-style-type: none"> · (Transfer records)*2 	<ul style="list-style-type: none"> · (Transfer records)*2 	<ul style="list-style-type: none"> · (Transfer records)*2 	<ul style="list-style-type: none"> · Import Declaration from a processing country · Records of processing down and feathers in a processing country · Invoice from a processing country · Packing List from a processing country · Bill of Lading from a processing country
	Japan	<ul style="list-style-type: none"> · Import Declaration · Transfer records of imported raw materials · Records of processing down and feathers · Filling records TC System 	<ul style="list-style-type: none"> · Import Declaration · Transfer records of imported raw materials · Filling records TC System 	<ul style="list-style-type: none"> · Import Declaration · Transfer records of imported raw materials · Records of incoming and outgoing deliveries from/to processor · Records of processing down and feathers · Filling records TC System 	<ul style="list-style-type: none"> · Import Declaration · Transfer records of imported raw materials · Filling records TC System
	<ul style="list-style-type: none"> · (Records of incoming and outgoing deliveries from/to outsourcing contractor in cases where the filling is outsourced.) 	<ul style="list-style-type: none"> · (Records of incoming and outgoing deliveries from/to outsourcing contractor in cases where the filling is outsourced.) 	<ul style="list-style-type: none"> · (Records of incoming and outgoing deliveries from/to outsourcing contractor in cases where the filling is outsourced.) 	<ul style="list-style-type: none"> · (Records of incoming and outgoing deliveries from/to outsourcing contractor in cases where the filling is outsourced.) 	

* 1 : Processing records show the production records of the processed raw materials from the country of origin. The necessary confirmation must be obtained for the indication of the raw materials information.

* 2 : Transfer records are, for example, records that show raw materials from France were transferred (for purposes such as processing of down and feathers) to Germany and then exported. The necessary confirmation must be obtained for the indication of the raw materials information.

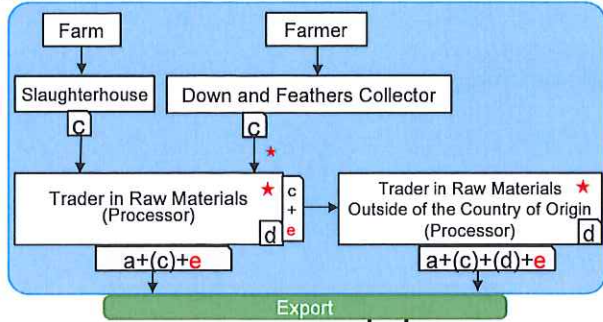
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3. Supply Chain of J-TAS

I Country of Origins

(Including transfers which do not require export/import documents; e.g., inside the EU)



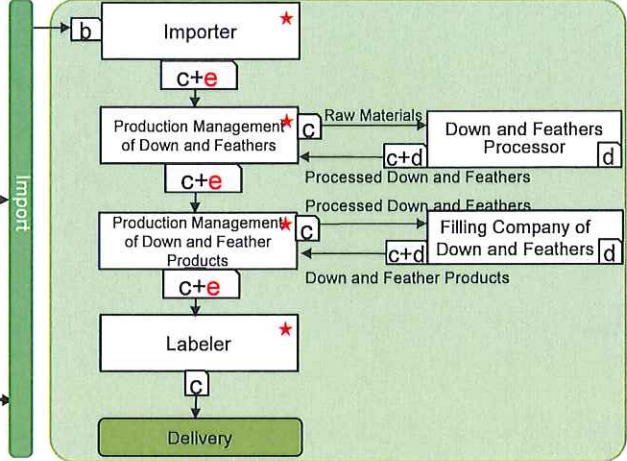
[Traceability Confirmation Document]
 a. Export Documents
 b. Import Documents
 c. Transfer Records (Documents for Incoming and Outgoing Deliveries)
 d. Production Records (per production lot)
 e. TC System (Plan)
 ★ Intended Preparation of Documents

II Processing Country

(Country Outside of the Country of Origin)



III Japan

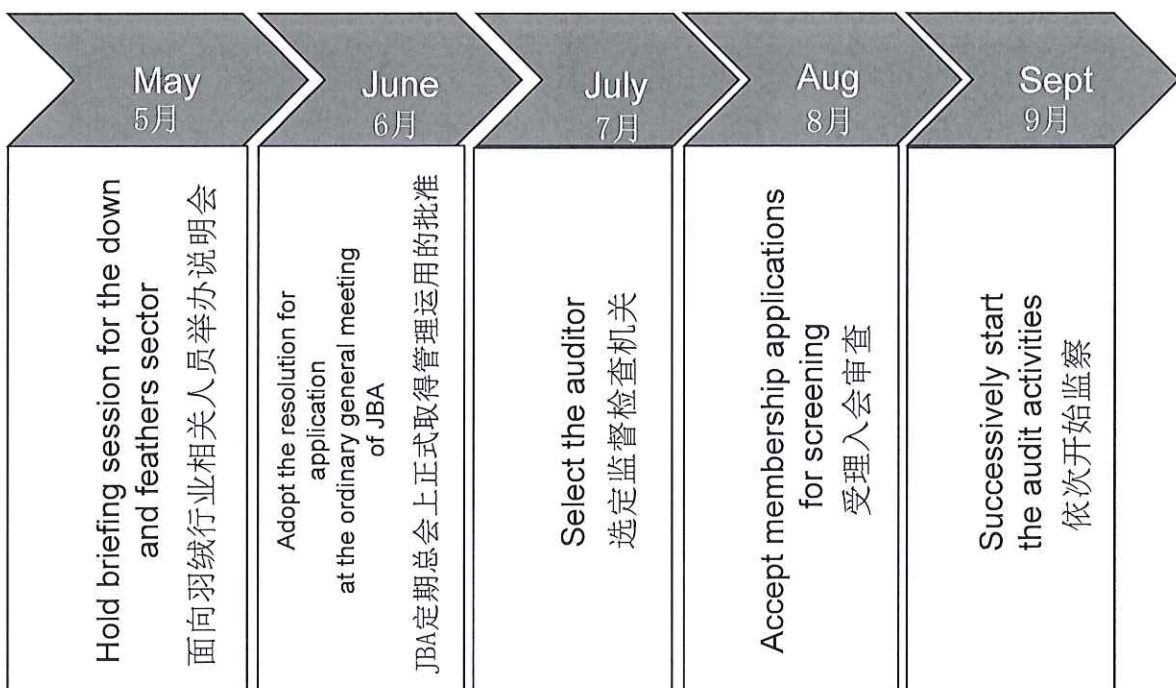


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4. Schedule going forward

4 今后的日程



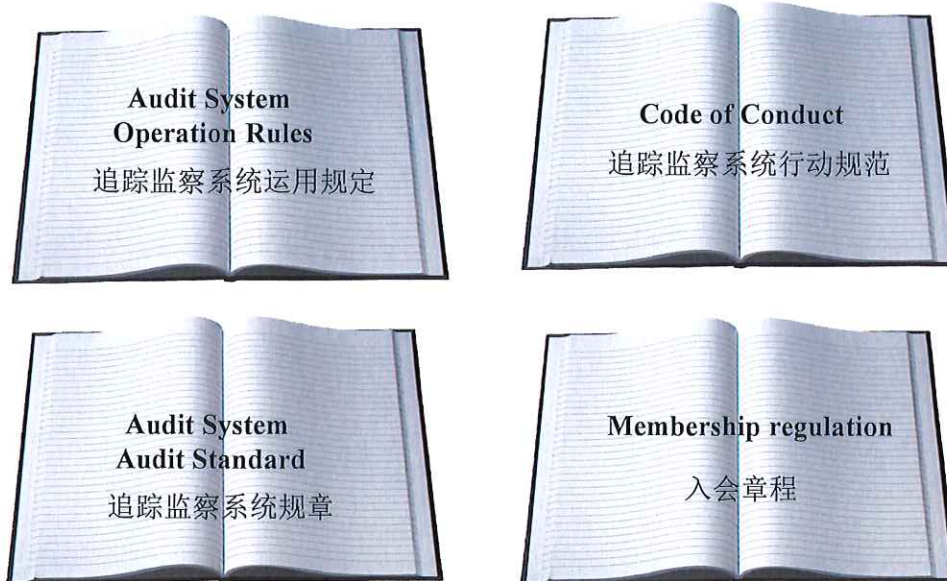
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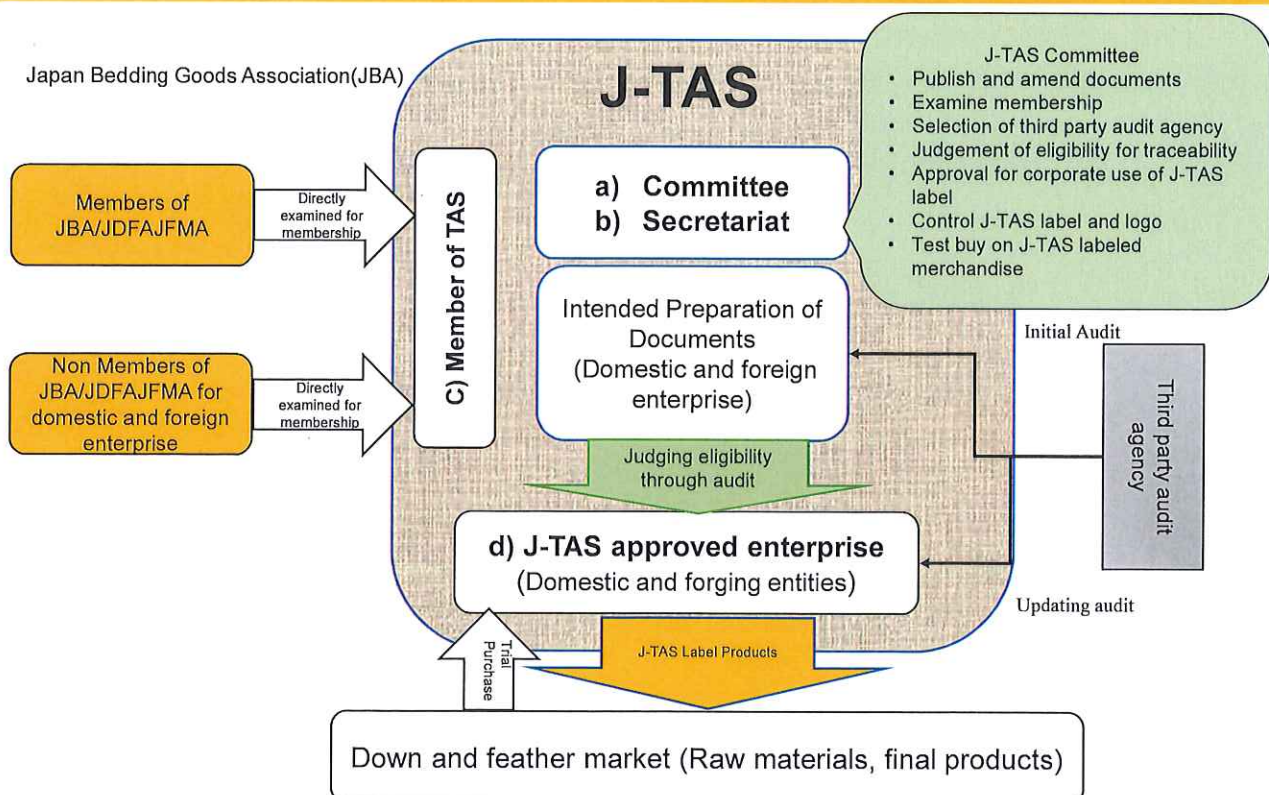
5. JBA Traceability Audit System (J-TAS)

5. JBA追踪监察系统 (J-TAS)

J-TAS is composed of the following four documents;
J-TAS由以下4种文件构成;



6. Organization Chart of J-TAS



2) The development of dissolving sewing threads for down products

2) 开发专门用于羽绒制品上的可溶解缝纫线

In Collaboration with KURARAY Co., the large synthetic fiber manufacturer, and large domestic apparel garment factories and bedding factories, JDFA has launched and is supporting a project aimed at development of dissolving sewing threads for down products in order to facilitate the dissolution process.

为了有效地回收羽绒，开发用于羽绒制品的溶解缝纫线，起到使分解羽绒制品的流程变得简单，同时也能达到提高羽绒回收率的目的。合成纤维大企业「可乐丽」和国内服装大企业，缝纫工厂、寝具工厂等联合在一起进行研究开发工作，本组合也积极给与支援。

In order to improve the operational efficiency of the process of extracting feathers from down products collected from consumers, we will offer to the market, products sewn by dissolving sewing threads. We will facilitate the recycling of down by collecting such products from consumers and then dissolving the sewing thread through a high-temperature washing process. With a view to the future possibility of exporting this epoch-making dissolving sewing threads overseas, we firmly believe that our efforts will contribute to down product manufacturers, as part of the initiatives towards a sustainable economy.



3) Distribution of the New Stainless Steel Down Power Tester

3) 新型不锈钢蓬松度测量装置的普及

Since its implementation in the autumn of 2010, we have distributed 118 units among domestic and foreign feather product manufacturers and inspection institutes as of today.

自2010年秋开发后，至今为止销售量为118台，销售给国内外的羽毛制造商和检查机关。



U.S.A	5 units
Europe	9 units
China	27 units
Taiwan	7 units
Korea	7 units
Vietnam	2 units
Hong Kong	1 unit
Japan	60 units
Total	118 units

4) The 24th Tripartite (China/Taiwan and Japan) Conference in Kyoto



The 24th Tripartite (China/Taiwan and Japan) Down and Feathers Conference will be held in Kyoto in September 2018. Explanations will be provided on the JBA Traceability Audit System and the quality issues related to post-processing of down are scheduled to be discussed.

4) 第24届日中台三方羽毛会议将在京都召开

第24届日本·中国·台湾三方羽毛会议将于9月在京都召开。
预计在此会议上，就有关JBA追踪监察系统（J-TAS）进行说明，
进行讨论通过后加工造成羽绒质量问题等内容。

Thank you for your kind attention

