

Action Policy for Fiscal 2017

Japan Textile Federation (JTF) has been working actively by recognizing identity of the textile industry such as the power to support the life, health and living of humans, the power to enrich spirits of people and improve culture and the power to create a future society.

The business environment surrounding the textile industry is still harsh, and many business indicators such as production, consumption and trade remain lower than the levels before the Lehman Shock. Also, there are great concerns about the future such as the sluggish growth of newly emerging countries that have served as an engine of economic growth in the world, the future development of Europe following Britain's exit from EU and the problem of capital flight from newly emerging countries due to the interest rate increase in the United States.

The Japanese economy has been weakened slightly due to stagnant Abenomics promoted by the Abe administration and the above-mentioned economic slowdown in other countries leads to the recent unstable and volatile foreign exchange and stock markets and declining corporate revenues.

In such environment, JTF has requested the government to make continuous efforts for putting the TPP Agreement into effect at an early date and to facilitate an agreement on negotiations for wide-area economic partnerships such as the Japan-EU EPA, the FTA between Japan, China and South Korea and RCEP. And, amid the sharp rise of cross-border EC business following the inbound demand from more than 20 million foreign tourists, there is a growing move to properly respond to their desire for genuine products and services by rediscovering and actively appealing the strength and quality of Japanese-made products both at home and abroad.

For taking this golden opportunity, we should facilitate the creation of new values, while appealing the products realized with the Japanese textile industry's technical strength and design capability in the markets and sharing values of Japanese materials in the entire textile industry.

If our supporting industries are further expanded in a manner that meets higher requirements from diverse consumers and the requests from a wide range of industries in response to the changes of the times for export expansion across the world with a great possibility of demand growth, the textile industry still has the potential to achieve a higher growth.

We as the textile industry have to enhance our capability to transmit the information on the Japanese brands with being aware of our great power and missions to support new life styles, social infrastructure and the life and culture of the people in the world, and to strengthen aggressive activities for the development of new markets including overseas markets.

JTF will push forward further development of Japanese textile industry with the overall supply chain, while further strengthening the trust-based mutual relationships between its members in conformity with “creation and reliability” as its basic guideline. Moreover, in conformity with “proposal and action” as its guideline, JTF will steadily execute the structural reform of itself and also reinforce its activity basis by continuously presenting active policy proposals to the government.

Based on the basic concept outlined above, JTF will make every effort for the development of Japan’s textile industry along the seven-point policy shown below:

1. Active Approaches to Cope with Trade Issues and Trade Expansion
 - (1) Involvement in negotiations for industrial-based FTA/EPA and approaches to wide-area economic partnerships
 - (2) Establishment of foundation to make use of wide-area economic partnerships and active development of overseas markets
 - (3) Efforts for international standardization

2. Strengthening of Information Transmission Capability and Brand Power
 - (1) Strengthening of dissemination of Japanese brands that combine technology with sensibility (promotion of J∞QUALITY Project)
 - (2) Support for appeal of Japan's textile and fashion goods in collaboration with Cool Japan Strategy
 - (3) Support for textile and apparel fashion industries with a focus on the JAPAN FASHION WEEK

3. Measures to Deal with Product Safety Issues and Environmental Problems
 - (1) Measures to deal with product safety issues
 - (2) Measures to deal with environmental problems

4. Promotion of Structural Reform in the Textile Industry
 - (1) Facilitation of improvement of trade practices and preparation of voluntary action plan in cooperation with SCM Promotion Association
 - (2) Revitalization of production centers and maintenance and reinforcement of industrial bases in Japan
 - (3) Structural reform of global operations in response to changes in international environment

5. Development of New Materials, Products, Technologies and Applications and Creation of New Markets
 - (1) Promotion of development of new materials, products, technologies and applications
 - (2) Cooperation between different industries and creation of new markets by capitalizing on top-class technologies
 - (3) Cooperation in and between production centers and promotion of research and development by clusters of textile production centers, etc. based on collaboration among industry, government and academia

6. Securing and Nurturing Human Resources
 - (1) Promotion of "work style reform" in the textile industry
 - (2) Establishment of environment for development of globally competent human resources
 - (3) Measures to cope with the issues of foreign workers

7. Response to Taxation Issues
 - (1) Request for taxation amendment

1. Active Approaches to Cope with Trade Issues and Trade Expansion

(1) Involvement in negotiations for industrial-based FTA/EPA and approaches to wide-area economic partnerships

- Following the situation that the TPP Agreement has been ratified in Japan and the ongoing negotiations for wide-area economic partnerships such as the Japan-EU EPA, the FTA between Japan, China and South Korea and RCEP have been accelerated, JTF will actively get itself involved in such negotiations with the aim of concluding these agreements that will lead to development of Japan's textile industry.
- We regard the FTA between Japan, China and South Korea as the FTA that we as the textile industry give our top priority to, and we will actively take part in rulemaking activities on trade liberalization which leads to mutual development of textile industry and trade expansion, through the Expert Group that was formed by the Japan-China-Korea Textile & Clothing Conference.
- As for Japan-EU EPA, JTF will actively continue dialogue on the details of the EPA with a view to contributing to Japanese textile industry through exchanges with the European Apparel and Textile Confederation (EURATEX)

(2) Establishment of foundation to make use of wide-area economic partnerships and active development of overseas markets

- Given that wide-area economic partnerships come into effect in near future, we will review the supply chain in the whole industry and establish a foundation for effective utilization of such partnerships with the government.
- Since the inbound demand is growing thanks to the increase of foreign tourists visiting Japan, the opportunity has come to actively promote the Japanese textile industry's technical strength and design capability to the world's market. We will put a lot of work into ceaseless development of materials and new product planning in the whole industry for expansion of export business.
- As our exit strategy, it is important to develop new markets overseas by actively utilizing international trade shows and we will continuously put efforts into these activities.

(3) Efforts for international standardization

- To foster the development of new markets overseas in the future amid a rapid acceleration of globalization in textile industries, we are required to actively proceed with international standardization. As for standards and test methods of high-functional and high-performance textiles which are Japan's specialty products, it is crucial for Japan to actively participate in a wide variety of international meetings and take the initiative in promoting international standardization. And, JTF will support for various efforts by the Japan Chemical Fibers Association (JCFA) and others.

2. Strengthening of Information Transmission Capability and Brand Power

(1) Strengthening of dissemination of Japanese brands that combine technology with sensibility (promotion of J∞QUALITY Project)

- The strength of Japanese textile industry is that high-quality, high-sensitivity and

high-functional materials that have sophisticated technology and sensibility merged together have served as a driving force for unique Japanese fashions. Our information transmission activities including participation in the Milano Unica Exhibition, etc. where Japanese textile products can exhibit their value should be further strengthened for business expansion.

- JTF will actively support “J∞QUALITY Product Certification Project” managed by Japan Fashion Industry Council (JFIC) as a main organization through integrated efforts of the relevant industries. Also, in order to further strengthen dissemination activities for textile products, JTF will, in collaboration with JFIC, consider a certification system for textile products with making use of the “J∞QUALITY” brand.

(2) Support for appeal of Japan’s textile and fashion goods in collaboration with Cool Japan Strategy

- Under the “Cool Japan Strategy” implemented by the government, JTF will work on the related organizations in order to allow textile products ranging from fashion goods to functional goods to be promoted widely both at home and abroad.
- JTF will introduce the progress of Cool Japan projects and widely inform our member companies and organizations of the relevant policies including subsidy programs.

(3) Support for textile and apparel fashion industries with a focus on the JAPAN FASHION WEEK

- While Japan Apparel Fashion Industry Council (JAFIC) and Japan Fashion Week Organization have enhanced activities such as transmission of information both at home and abroad, improvement of the creation capability, and collaboration between creators and material production centers for invigoration of production centers, we will provide such activities of fashion industry with support and put utmost efforts into development of Japanese unique fashion and brands to maintain such activities.

3. Measures to Deal with Product Safety Issues and Environmental Problems

(1) Measures to deal with product safety issues

- As it becomes more important to make new approaches to ensuring the safety of consumers, the law concerning certain aromatic amines was enacted on April 1 last year. Following the enactment of the law, JTF changed the name its voluntary safety standards for textile products to the “guideline,” in order to reinforce approaches to product safety problems. JTF will continue to tackle various challenges in an expeditious manner, while paying attention to regulations on chemical substances in the world.

(2) Measures to deal with environmental problems

- In the situation that textile industries are required to carry out various transformations in parallel with the development of the world, environment and safety issues become crucial. Amid further internationalization at respective

stages of planning, procurement, production, processing and sale, we should take a closer look at the development of the world including corporate alliances at the front as well as international NGOs and NPOs which require businesses to take effective environmental and safety measures more rapidly and profoundly.

- While continuously making efforts to grasp the development noted above at the Expert Group that was formed by the Japan-China-Korea Textile & Clothing Conference, we will also encourage cooperation in environmental issues in general through various exchanges with neighboring countries in Asia in addition to China and South Korea.
- Since it is assumed that greenhouse gas emissions will be reduced further following the effectuation of the Paris Agreement, JTF will, at the “Study Group on Environment and Safety Issues in Textile Industry,” strengthen measures to be taken by the whole textile industry against relevant issues, in step with the policies of the relevant ministries including the Ministry of Economy, Trade and Industry (METI).

4. Promotion of Structural Reform in the Textile Industry

(1) Facilitation of improvement of trade practices and preparation of voluntary action plan in cooperation with the Association for Promotion of Reform of the Distribution Structure in the Textile Industry (SCM Promotion Association)

- SCM Promotion Association has facilitated review and establishment of trade practices in the textile industry, as well as proliferation of and education about the “guideline for transactions” that is aimed at optimization of SCM. However, JTF will continue to support the activities of the SCM Promotion Association which actively conducts various project activities toward the efforts to create SCM with the aim of overall optimization of the textile and fashion industries, jointly promote further improvement of trade practices, and aim to prepare a voluntary action plan for the textile industry.

(2) Revitalization of production centers and maintenance and reinforcement of industrial bases in Japan

- It is required for the companies in textile production centers to proactively share the information through utilization of IoT, big data, etc., encourage self-reliance through interactions between production phases for improvement of production efficiency and planning & selling capability, and contribute to the invigoration of the entire production center, in order to implement the structural reform in the textile industry as a whole and prevent textile production centers from further hollowing out.
- Japan’s costs of energy, physical distribution, public infrastructure, taxes, social-security burdens and others are higher than those not only of Asia but also of European countries and the United States. In order for Japanese manufacturing industries to survive, it is necessary to correct such high cost structure and further strengthen the production bases in Japan. Therefore, JTF will continue to ask the government and other agencies concerned for policy-based measures.

(3) Structural reform of global operations in response to changes in international environment

- While the economy is expected to become increasingly borderless at faster speeds because of the progress of wide-area economic partnerships, we urgently need to promote structural reforms in the whole industry from a global point of view such as measures for East Asian and Southeast Asian countries, mainly China as a market, in addition to reorganization of production centers.

5. Development of New Materials, Products, Technologies and Applications and Creation of New Markets

(1) Promotion of development of new materials, products, technologies and applications

- To cope with global-scale issues as represented by environment, resources and energy as well as diversification of economy and industries by the rise of newly emerging countries, we will develop without a break those new materials and products that can lead the world's market by capitalizing on high technologies, high sensibility and wide experience that have been accumulated in Japan to date.

(2) Cooperation between different industries and creation of new markets by capitalizing on top-class technologies

- It is indispensable to create new markets (applications) by making good use of Japan's world top-class technologies such as the characteristics of high-performance and high-functional fibers and high textile technologies. For this purpose, it is required to widely match the seeds of textile companies with the needs of user industries for a wider cooperation between different industries. JTF will also support activities by Japan-France Textile Cooperation Working Group, the symposium on advanced textiles and others, which JCFA actively carries out.

(3) Cooperation in and between production centers and promotion of research and development by clusters of textile production centers, etc. based on collaboration among industry, government and academia

- In order to accelerate the development of new materials and new products, hit ideas of innovative technologies in succession and accumulate them as the technologies of the textile industry, the cooperation in and between production centers and promotion of research and development by clusters of textile production centers are effective. Therefore, we will request the central and local governments to provide continuous support to self-reliant cooperation and approaches in industry clusters and other private sectors.

6. Securing and Nurturing Human Resources

(1) Promotion of "work style reform" in the textile industry

- Since the concept of consumption becomes highly different for each consumer, it is more important to properly combine the sensibility for attractive materials and design with high-level craftsmanship. It is also indispensable that a variety of human resources including young people, women and elderly people play an active role in various fields.

- For maintenance and improvement of the business bases in the textile industry, it is one of the most important issues to ensure and develop human resources. We will promote “work style reform” which contributes to productivity improvement and competitiveness enhancement, along with realization of various work style, reduction of long working hours and increase of working women.
- (2) Establishment of environment for development of globally competent human resources
- As the expansion of domestic demand cannot be expected because of decreasing birthrate and aging population in the future, development of new markets overseas will be an important challenge. Accordingly, it is essential to carry out human resource development activities that produce those leaders who support the life and culture of the people in the world, ranging from design & manufacturing and creation of global supply chains to measures to cope with global environment problems.
- (3) Measures to cope with the issues of foreign workers
- With an eye to the situation that Japan’s labor population is expected to be small in the future, it is necessary to beef up various systems to promote employment of senior citizens and women, and consider acceptance of human resources from overseas. Accordingly, we will conduct educational activities for ensuring compliance with the system to provide education and hands-on skill training to foreigners and will request the government to enhance and improve operation of such system.

7. Response to Taxation Issues

- (1) Request for taxation amendment
- We will request the ruling parties and the relevant ministries for amendment of taxation related to the whole textile industry, including steady and efficient reduction of effective tax rate of corporate income tax, abatement of fixed asset tax, maintenance and enhancement of the tax system for research and development and responsive measures for consumption tax hike.