

January 16, 2018

Japan Textile Federation

Action Policy for Fiscal 2018

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.

In the present situation, the world economy is on a track to recovery and the real global GDP continues to grow at around 3 % compared to the previous year. In the Japanese economy as well, export and manufacturing sectors have recovered with the steady growth of the world economy as a backdrop, leading to the improvement of corporate earnings. We have recently found various economic data reaching a record-high level, including stock prices and those data that are directly related to our daily life. However, in spite of "the second-longest economic

recovery since World War II," the reality is that many people do not yet feel an economic recovery, because of the slow economic growth and a long standstill during the recovery period.

In such circumstances, following the facilitated negotiations for wide-area economic partnerships in trade area and the sharp rise of cross-border EC business following the inbound demand from nearly 30 million foreign tourists coming to Japan, 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 on this occasion.

For taking the above-mentioned developments both at home and abroad as an opportunity for the textile industry, 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, we firmly believe that the textile industry still has the potential to achieve a higher growth.

We as the textile industry have to be highly 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. In this process, we need to verify the potential of a new business model in relation to the Connected Industries which incorporate "the fourth industrial revolution" into the textile industry as well, in response to the fact that "the forth industrial revolution," in which artificial intelligence (AI) and robots will drastically change the industry, has been widely covered by the media.

JTF will push forward further development of the 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) JTF will take its own approach to negotiations for the Japan-EU EPA and TPP 11 with an aim for early conclusion and putting into effect of such trade agreements which contribute to promoting the development of the Japanese textile industry.
- (2) JTF considers the FTA between Japan, China and South Korea, whose negotiations are in an advanced stage, as the most important FTA, and will continue to request the government to take a leadership role in wide-area economic partnerships including RCEP and others under the agreed rules through the Expert Group in the Japan-China-Korea Textile & Clothing Conference.
- (3) Amid a rapid acceleration of globalization in textile industries, JTF will support the efforts by various organizations in the direction that Japan takes the initiative in promoting international standardization.

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

- (1) As it becomes more important to make new approaches to ensuring the safety of consumers, JTF will tackle various challenges in an expeditious manner under the "Guideline on Non-use of Harmful Substances for Textiles and Clothing," while keeping an eye on the movement of regulations on chemical substances in the world.
- (2) Bearing in mind that the awareness on sustainability including environmental and safety issues in textile products markets in the world becomes higher, JTF will use its efforts to provide the information after properly grasping the movement of alliances of international private companies such as ZDHC, SAC and others.
- (3) At the Expert Group that was formed by the Japan-China-Korea Textile & Clothing Conference, JTF will facilitate cooperation regarding environmental and safety issues as a whole through various exchanges.

3. Strengthening of Information Transmission Capability and Brand Power

- (1) JTF will further expand information transmission activities including appeal of high-quality, high-sensitivity and high-functional materials that incorporate sophisticated technology and sensibility of the Japanese textile industry through cooperation in "J ∞ QUALITY Product Certification Project" managed by Japan Fashion Industry Council (JFIC) as a main organization.
- (2) In collaboration with 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 including the inbound demand.
- (3) JTF will provide assistance in 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 by apparel fashion industries, in order to strive for enhancement of brand power.

4. Promotion of Structural Reform in the Textile Industry

- (1) JTF will continue to support the various project activities by SCM Promotion Association that has facilitated review and establishment of trade practices for further improvement of trade practices jointly with the Association, and to exert its efforts in implementation of voluntary action plan of the textile industry.
- (2) JTF will continue to ask the government and other agencies concerned for policy-based measures, in order to correct the high cost structure and further strengthen the production bases in Japan, while contributing to the invigoration of the entire production center through implementation of the structural reform in the whole textile industry and interaction between production phases for improvement of production efficiency and planning & selling capability.
- (3) We will promote the structural reforms in the whole textile 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 in response to changes in the international environment such as the progress of wide-area economic partnerships.

5. Creation of New Added Value through Promotion of Connected Industries

- (1) In response to global-scale issues as represented by environment, resources and energy, we will promote the development of those new materials and products for creation of new markets, that can lead the world's market by capitalizing on high technologies, high sensibilities and wide experience that have been accumulated in Japan to date.
- (2) We will verify the potential of a new business model which incorporates "the fourth industrial revolution" into the textile industry as well in response to the fact that "the forth industrial revolution," in which artificial intelligence (AI) and robots will drastically change the industry, has been widely covered by the media.
- (3) We will seek continuous support from the

government and municipalities for cross-sectional efforts such as cooperation in and between production centers and collaboration among industry, government and academia for creation of new added value through various linkages, and verify the enhanced competitiveness of the textile industry that has created new added value, products and services through cooperation between different industries.

6. Securing and Nurturing Human Resources

- (1) 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" that intends to improve the production efficiency and competitiveness at the same time with the realization of diverse working styles, correction of long working hours and active participation and involvement of women in the entire supply chain.
- (2) Amid a growing concern about the problem of

business succession among small-and-medium companies as well as small businesses, JTF will seek appropriate measures including tax benefits for smooth business succession in companies which play an essential role in the supply chain.

- (3) With an eye to the situation that Japan's labor population is expected to be small in the future, it is necessary to 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) We will request the ruling parties and the relevant ministries for revision of taxation systems related to the whole textile industry, including steady and efficient reduction of effective tax rate of corporate income tax, abatement of fixed asset tax, simplification of the tax declaration system and responsive

measures for consumption tax hike.