



Study Group on Sustainability of Textile and Apparel Industry

Summary Report

July 2021

Lifestyle Industries Division

Manufacturing Industries Bureau

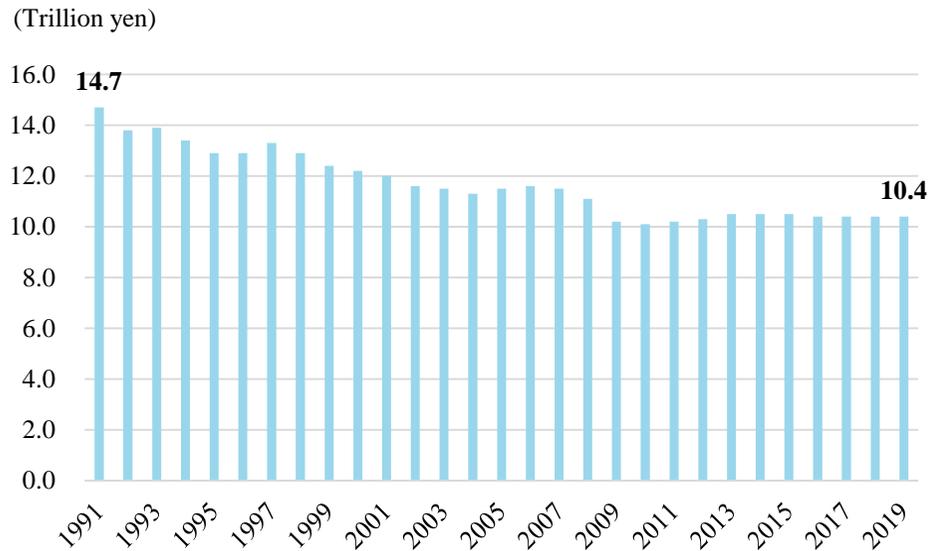
Background

- Today, Japan's textile and apparel industry is at a major turning point. With the spread of the COVID-19 infection, sales of the apparel and other businesses have dropped significantly, while at the same time, the industry is experiencing changes in consumer needs based on the “new normal”.
- “Sustainability” has emerged as an important perspective for the future textile and apparel industry.
- We can see efforts to implement the Sustainable Development Goals (SDGs) in both public and private sectors since its adoption in 2015.
- Efforts for sustainability have already initiated in some companies in the industry, whilst efforts in most companies are far from satisfactory.
- In order to promote sustainability in the industry, “Study Group on Sustainability of Textile and Apparel Industry” was established in February 2021.
- This report compiles the discussions and studies by the group and makes a policy proposal as a “future plan for a new era”.

Present state of the industry

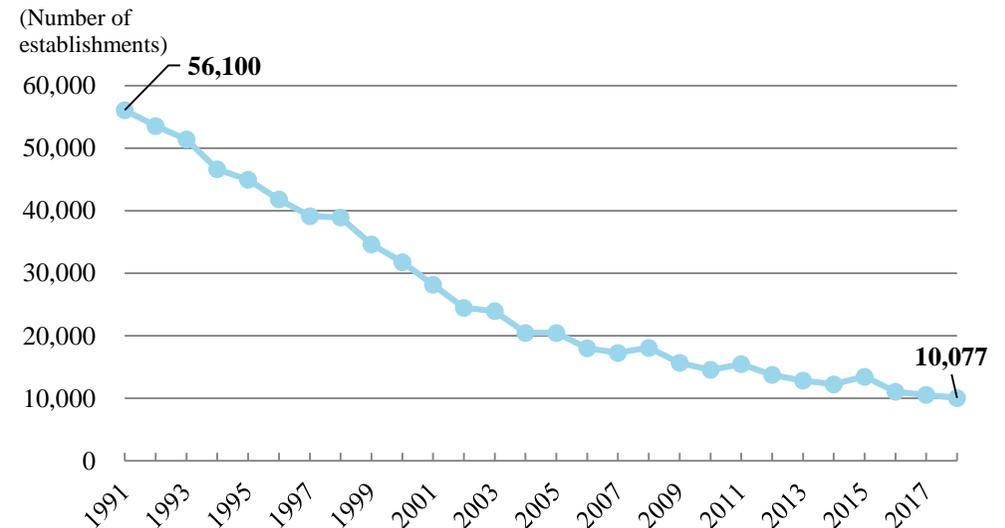
- The market scale of the textile and apparel industry in Japan has been gradually diminishing and the number of manufacturing plants are also decreasing.
- However, Japan`s textiles has been receiving high evaluation from the global market.

Market scale of the apparel industry



Source: Textile Industry 2021 (Yano Research Institute Ltd.)

Number of manufacturing plants of the textile and apparel industry



Source: Census of Manufacture

Efforts for Sustainability

- Efforts for sustainability are wide-ranging, including environmental consideration and improvement of work environments.
- The Group discussed and studied mainly the following issues:

Environmental Consideration

Responsible Supply Chain Management

Gender Equality

Supply Structure

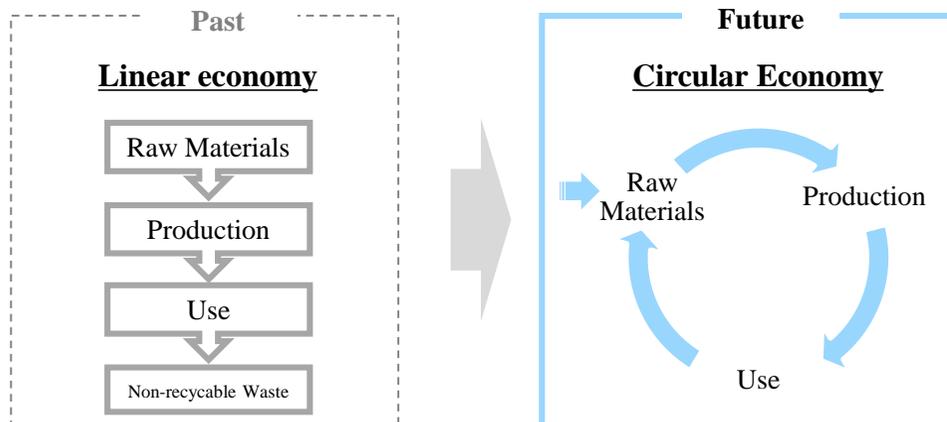
Digitalization

Environmental Consideration

- A shift from an economy based on mass production and consumption towards a circular economy is required.
- It is important to reduce new resource input, collect and recycle products after consumption, and address the climate change.

Current Situation

- Pro-environment requires many initiatives in the processes from product planning to after consumption, but there is no unified concept or evaluation index yet.
- A collection system is necessary for resource circulation. Collected-clothes are dealt differently depending on municipalities.
- In order to increase environment-friendly products, further participation of the consumers are necessary.



Policy Recommendation

(1) Guidelines on Design for Environment

- Establish guidelines for promotion of Design for Environment which involves aspects of byproduct reduction, energy and resource saving, longer product life, and resource circulation after consumption activities.

(2) Collection System/Consumer Cooperation

- Promote garment collection at stores and encourage sustainable movement among consumers with the cooperation of influencers etc.

Responsible Supply Chain Management

- The Collapse of Rana Plaza in Bangladesh in 2013 reminds us of the importance of supply chain management.
- Responsible supply chain management is essential for safe and decent work environments.

Current Situation

- The issues of technical intern trainees and fairness of business deals are concerned. Some point out that the employment of technical intern trainees could be a risk in business activities with foreign companies.
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear has been disseminated but not yet understood well enough.
- Some textile companies are acquiring international textile certifications to receive an evaluation of their activities and products.

Policy Recommendation

(1) Implementation of Due Diligence

- Promote the importance of conducting due diligence.
- Develop due diligence guidelines in cooperation with ILO, in order to facilitate due diligence activities in the industry.

(2) International Textile Certifications

- Promote the importance of acquiring international textile certification and dispatching of Japanese staff to organizations that manage international certification.

(3) Technical Intern Trainees

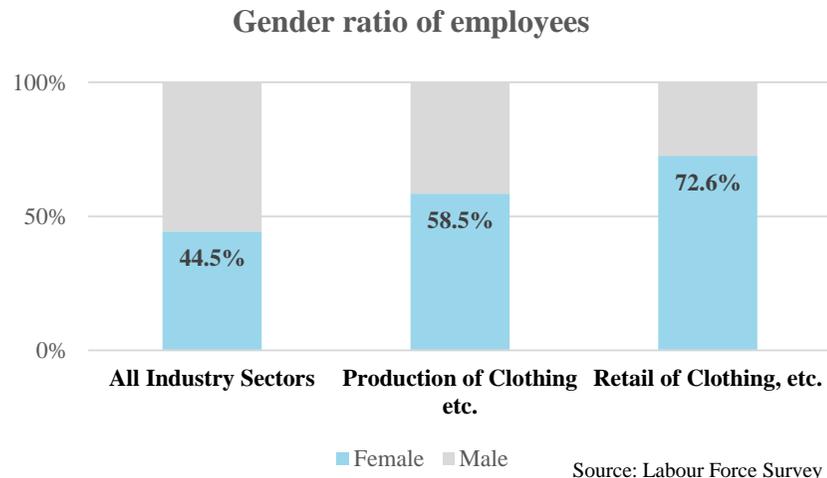
- Ensure compliance regarding the technical intern trainee system and expanding the J∞QUALITY system

Gender Equality

- Realization of gender equality has a great influence socially and economically.
- There is an intense need for the creation of a society free from discrimination due to gender.

Current Situation

- The ratio of female employees among all industry sectors in Japan is 44.5%. However, the ratio for production plants of the textile industry is 58.5% and 72.6% for apparel and retail sector.



Policy Recommendation

(1) Public-Private Round Table

- In order to help the industry leaders understand gender equality, set up a round table for sharing/understanding the importance of gender equality and also to discuss/share efforts in gender equality and human resource development.

(2) Role Models for Younger Generations

- Implement gender education that breaks unconscious bias and present role models.
- Establish courses for junior-high, high-school, college and university students, where active female leaders introduce their experiences and examples of efforts on career development.

Supply Structure

- Business and consumption activities based on mass production/consumption have reached its limit. It is important to effectively consume the limited resources.
- It is necessary to work towards optimum volume production and consumption.

Factors and effects of supply volume increase

- In order to lower sales prices of the products, apparel companies relocated their plants to Asian countries where labor costs were low.
- They place many products in stores and hold a wide variety of sizes and colors in stock. In addition, the long period from planning to sales makes it difficult to predict trends, weather and other factors concerning product planning.
- Because the products produced and supplied in large quantity are difficult to sell out at original prices, discount sales have become a common practice.

Policy Recommendation

(1) Utilization of Digital Technologies

- Foster an understanding of RFID and other digital technologies for sales and inventory.
- Promote customer management and grasp consumption trends through standardization of purchasing data at department stores, etc.

(2) Promote Customer-centered Business Evolution

- Create an environment that accepts shortage of items and develop a sustainable relationship with consumers: for example, delivering the products chosen in stores to homes.

(3) Reformation of Production Processes

- Study ways of domestic production and implementing advanced efforts throughout the industry.

Digitalization

- In recent years, development and advancement of new technologies including IoT, big data and AI are astonishing. These technologies are expected to solve various problems.
- Since initiatives for sustainability require collecting, managing and analyzing a large amount of information, digital technologies are extremely effective.

Current Situation

- Digitalization of the textile industry is not sufficient.
- Implementation of digital technology is limited to some number of companies. It is expected to expand such initiatives to the whole industry.



Source: Uchida Dyeing Works Ltd.

Policy Recommendation

(1) Promote Understanding

- Promote management level's understanding to enhance introduction of digital technologies through industry groups.

(2) Expand Good Practice

- Collecting and sharing good practices for utilizing digital technologies contributing to sustainability.

(3) Support Measures

- In addition to the subsidy for IT tool introduction and the certification system, promote other support measures including tax credit and low-interest loan for digital investment based on a company-wide DX plan.

List of the Members and Meeting Record

List of the Members

<Members>

- **IRIYAMA Akie**
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- **OHARA Yoko**
Founder & Honorary Chair, Women's Empowerment in Fashion
- **KAMIYAMA Kenji**
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Leader of "Fashion and Environment" Task Force, Ministry of the Environment
- **FURUYA Masahiro**
Managing Director, Japan Council of Shopping Centers
- **YASUDA Yoko**
Managing Director, Japan Department Stores Association

<Secretariat>

- **Lifestyle Industries Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry**

Meeting Record

1st session (February 25, 2021)

2nd session (March 29, 2021): Supply Structure

3rd session (April 9, 2021): Environmental Consideration

4th session (April 23, 2021):

Responsible Supply Chain Management / Gender Equality

5th session (May 18, 2021): Digitalization

6th session (June 25, 2021)