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## **Japan**

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### **Japan Considers Label Changes to Promote 'Japan Wines'**

**Report Categories:**

Trade Policy Monitoring

Wine

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**Report Highlights:**

Responding to a proposal from an influential group of Diet Members, the National Tax Agency (NTA) is expected to revise and make mandatory the current voluntary wine labeling rule later this year. In keeping with the Government of Japan's recent efforts to promote Japanese agricultural exports, the revisions should help to call attention to wines produced from 100 percent Japanese grapes (so-called 'Japan wines') and enable more Japanese vintners to register geographical indications (GI). Though the final details are not yet known, Post does not anticipate a negative impact on U.S. wine exports, as increased consumption (or even exports) of the very small volume of 'Japan wines' is unlikely to displace consumption of U.S. wines and the central components of the current voluntary labeling rule are expected to remain largely intact.

**Key words:** wine, labeling, GI, JA5020

## General Information:

Of the 365,000 kiloliters (kl) of wine purchased in Japan in 2013, roughly two-thirds of that volume was imported. While Japanese wine consumption has grown by nearly 150 percent since 2003 and Japan's wine industry is growing, Japanese wine and grape production remains small and concentrated among a handful of producers. Of the 110,000 kl of wine produced in Japan in 2013, only 24 percent was 'Japan wine,' and those accounted for a mere seven percent of total wine purchases in that year.<sup>1</sup> Of the 36,000 kl of bulk wine that Japan imported in 2014, the United States supplied 9,000 kl (up 3,000 percent over the last decade). Japan exported approximately 200 kl of wine in 2014, mostly to Taiwan.

In March 2014, an influential group of Diet members from the ruling coalition formed a study group to look at labeling changes that could help to promote 'Japan wines.' Led by Deputy Chief Cabinet Secretary Hiroshige Seko (a close aide to Prime Minister Abe), the group met with industry representatives and NTA officials before submitting its March 5, 2015 proposal to Japan's largest wine industry associations and the NTA, which has authority over wine labeling. The NTA can revise the current voluntary wine labeling rule through a simple Ministerial Ordinance, bypassing potentially lengthy deliberations in the Diet. The current voluntary wine labeling rule was established by Japanese wine manufacturers' groups in 1986 and revised according to international standards in 2006. The current rule stipulates various labeling requirements, such as the variety and harvest year of grapes used, production area, etc..

In addition making the current voluntary wine labeling rule mandatory, the March 5 proposal contained two central recommendations: a more prominent label designation for 'Japan wines,' and a simplified GI registration process for alcoholic beverages.<sup>2</sup> While the March 5 proposal leaves the current voluntary labeling rule largely intact, the change concerning 'Japan wine' labeling is designed to help create additional market demand for 'Japan wines' by more clearly distinguishing them from other Japanese wines made from imported must or with imported bulk wine. Though the current voluntary labeling rule includes a declaration of whether wines are domestic, imported, or made with imported must/wine, that information is not very visible on the label (see examples below). The new mandatory rule may also include an easily recognizable logo for 'Japan wines' along the lines of the recently developed [GI logo](#). See the ATO Tokyo's [2015 Wine Report](#) for more information on the current, voluntary wine labeling requirements.

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<sup>1</sup> The Japan Wineries Association defines 'Japan wines' as those that are produced and bottled in Japan using only grapes harvested in Japan.

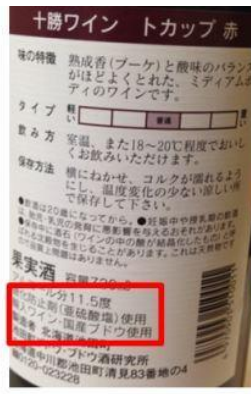
<sup>2</sup> Alcoholic beverages were not included in the recently enacted GI Act, because GIs for wine, distilled spirits and sake were created by the 1995 GI Labeling Standard for Alcoholic Beverages. Read more about the GI Act in [JA5008](#) and [JA5016](#).



‘Japan Wine’ – Made from 100% Japanese grapes and bottled in Japan.



Made from imported wine must.



Made from imported bulk wine and Japanese grapes.



Imported as bulk wine and bottled in Japan, but the label identifies the foreign country of origin.

The proposed revisions to the system for registering GIs for alcohol

olic beverages would simplify the current process to register production areas under the GI system. While there is significant national production of wine grapes and more than 50 wineries across Nagano, Hokkaido, Yamagata, and Osaka prefectures, only Yamanashi has established a wine GI. Surprisingly, given the ubiquity of production and the renown of regional distinctions, neither Japanese sake nor shochu (Japan’s national distilled spirit) have made great use of the GI system for alcoholic beverages, with only one registered GI for sake and four for shochu. The March 5 proposal could increase the utilization of GIs across those industries as well by establishing clearer qualification standards and minimum requirements for producers’ organizations to register eligible alcoholic beverages under the GI system. Much like the emphasis on greater recognition for ‘Japan wines,’ this move would dovetail with broader efforts by the Government of Japan to promote Japanese agricultural exports.

While Japanese wine grape (and therefore ‘Japan wine’) production remains limited due to geographic and economic constraints, the March 5 proposal complements other recent measures to promote these products.<sup>3</sup> The Ministry of Agriculture, Forestry and Fisheries (MAFF) recently held a symposium on wine grape production and will continue to use the Farmland Accumulation Bank to create more opportunities for farmers to achieve economies of scale in agricultural production, including for wine grapes. In June 2015, the Japan Wineries Association will hold its first-ever three-day festival in Tokyo to promote ‘Japan wines’ from 38 wineries representing 18 prefectures.

Post anticipates that in Japanese Fiscal Year 2015, the NTA will issue a draft mandatory rule for wine labeling that will closely resemble the contents of the current voluntary rule, which adheres to international standards and is already almost universally implemented by Japanese wineries.<sup>4</sup> As such, Post anticipates negligible impact from the proposed transition to a mandatory rule.

Though some ‘Japan wines’ have won awards in recent international competitions, including the

<sup>3</sup> Japanese wine grapes are generally valued at one-third of the price of the most common Japanese table grape. Absent significant increased demand for Japanese wine grapes, production area is not likely to increase despite the significantly lower production costs for wine grapes relative to table grapes.

<sup>4</sup> Japanese Fiscal Year 2015 is from April 1, 2015 through March 31, 2016.

International Wine & Spirit Competition and the Challenge International du Vin, the production of 'Japan wines' remains so small that promotional efforts (including creation of a 'Japan wine' logo or increasing the prominence of imported content information) are not expected to significantly impact consumption of imported wines, which will continue to represent the majority of wine consumed in Japan. If greater appreciation for Japan wines leads to increased wine consumption overall, then the March 5 proposal may inadvertently improve U.S. wine export prospects. Post will continue to monitor progress in the development of the proposed mandatory wine labeling rule.

Reference:

The voluntary labeling rule for wine. (This is a Japanese website; no English translation available.)  
<http://www.winery.or.jp/ass/winecode.pdf>

The GI labeling standard for alcoholic beverages. (This is a Japanese website; no English translation available.)  
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