

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Opportunities Growing for Wine in Japan

**Country:** Japan

**Post:** Tokyo ATO

**Report Category:** Agricultural Situation, Beverages

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**Report Highlights:**

This report highlights trends and recent statistics for U.S. origin wine imported into Japan, consumption trends, and opportunities for U.S. exporters. Now, in year five of the U.S.-Japan Trade Agreement (USJTA), tariffs are on the path to significant reductions for bottled wine, semi-bulk wine, and sparkling wine. Tariffs were eliminated altogether on bulk wines and fortified wines on April 1, 2023. In 2022, U.S. wine exports to Japan totaled \$144 million and are the fifth largest supplier of wine to Japan.

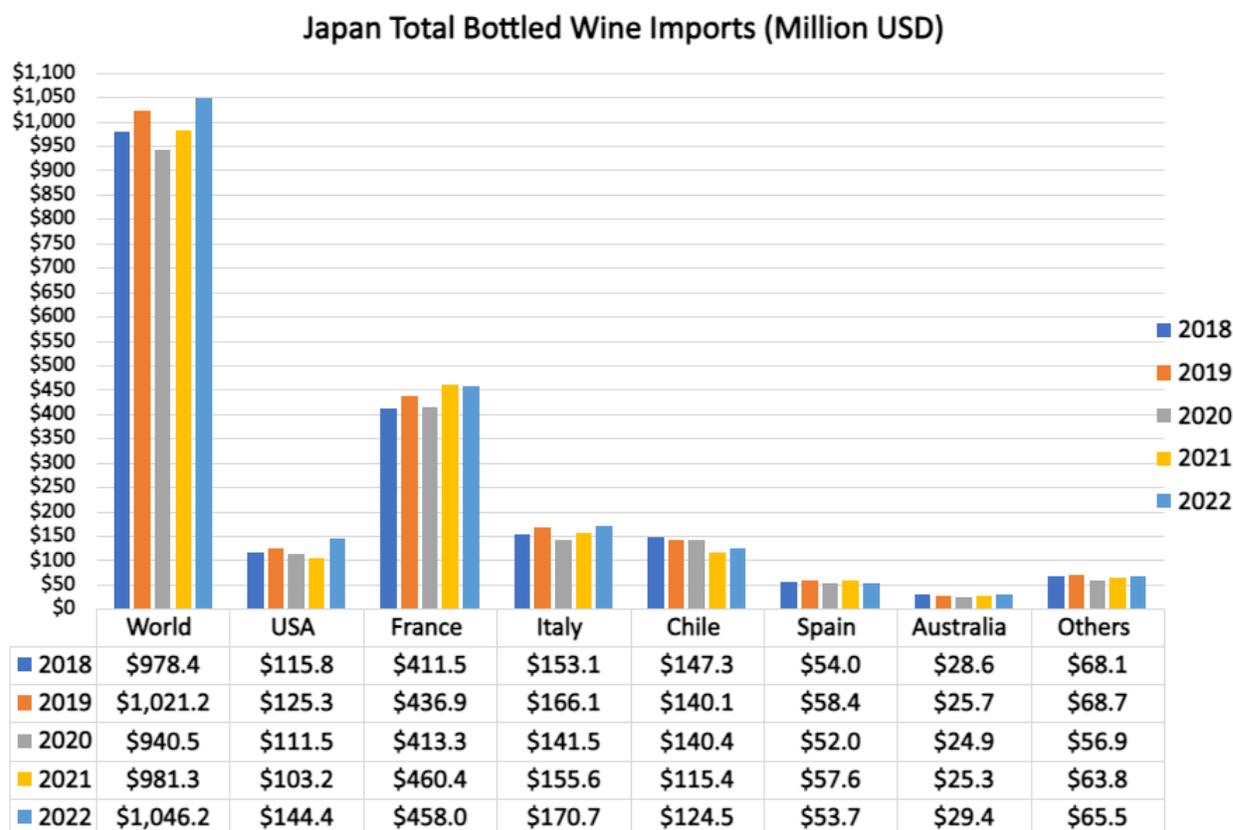
## Overview:

The Japanese wine production and consumption markets are at an inflection point. Due to rising inflation rates and health-conscious mindsets, Japanese consumers are drinking less, however, demand remains strong for novelty, and high-quality products.

While domestic wine production is continuing to develop, the country remains heavily import-dependent for wine. As of 2021, imports accounted for 73 percent of the Japanese market with eight percent of the total import share coming from the United States. The United States is the fifth-largest supplier of wine on a quantity basis, trailing behind competitors such as France, Chile, Italy, and Spain. On a value basis, the U.S. is the fourth-largest supplier.

With tariff advantages recently achieved through USJTA, U.S. wine exporters are well-positioned to regain market share in the Japanese market. New tariff rates enacted on April 1, 2023, present an opportunity for higher margins and a degree of parity with competitors such as the EU, Chile, and Australia. The charts below visualize the recent import trends for bottled, bulk, and sparkling wine in Japan.

### Chart 1: Bottled Wine Imports to Japan

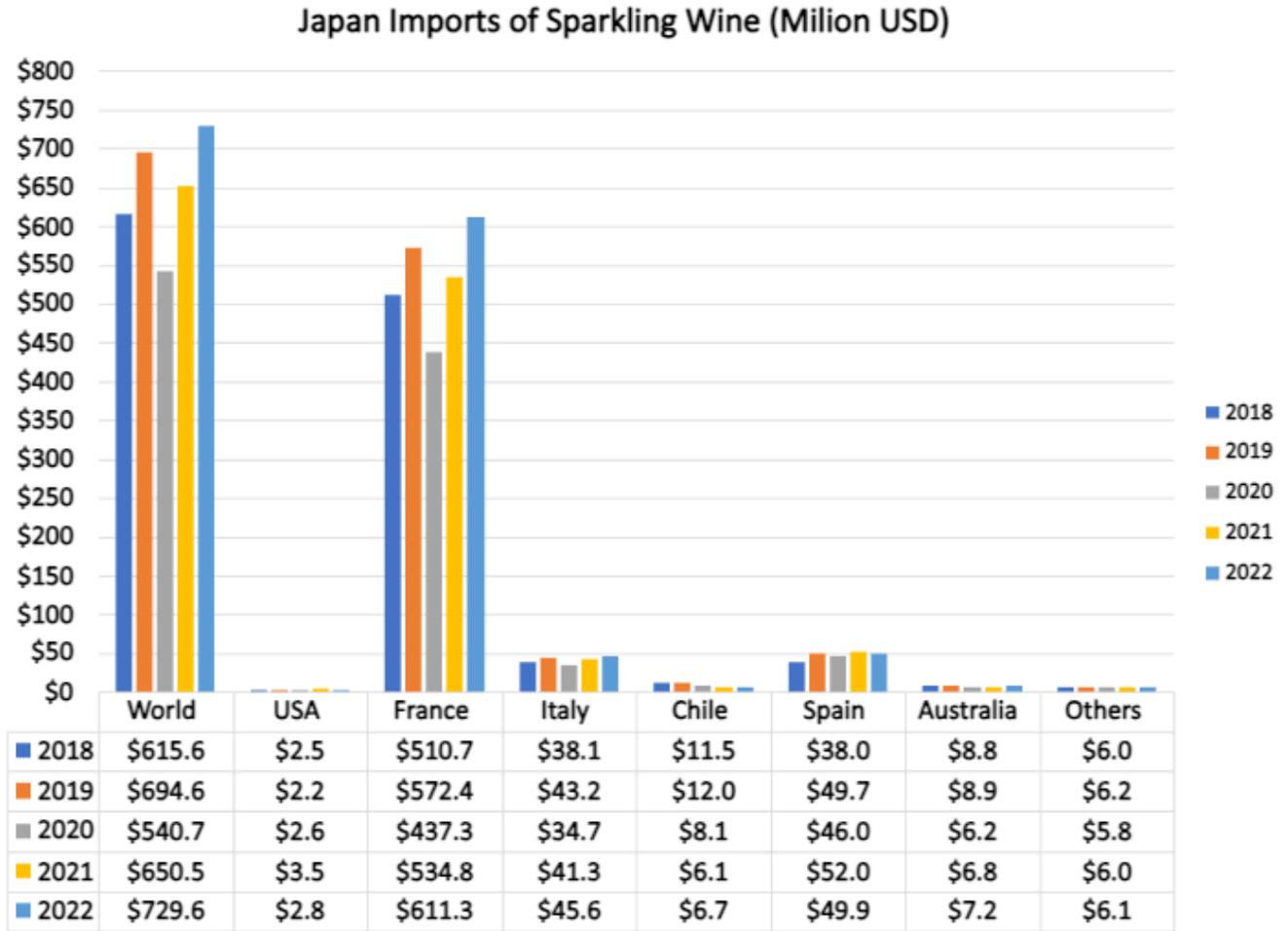


Source: Trade Data Monitor

Bottled wine refers to a standard two-liter bottle of non-sparkling wine. Despite overall declines in bottled wine imports during the pandemic, demand is rising again. While competitors like

Chile and Spain struggle to return to pre-pandemic import levels, the U.S. experienced a 20 percent year-over-year increase between 2021 and 2022.

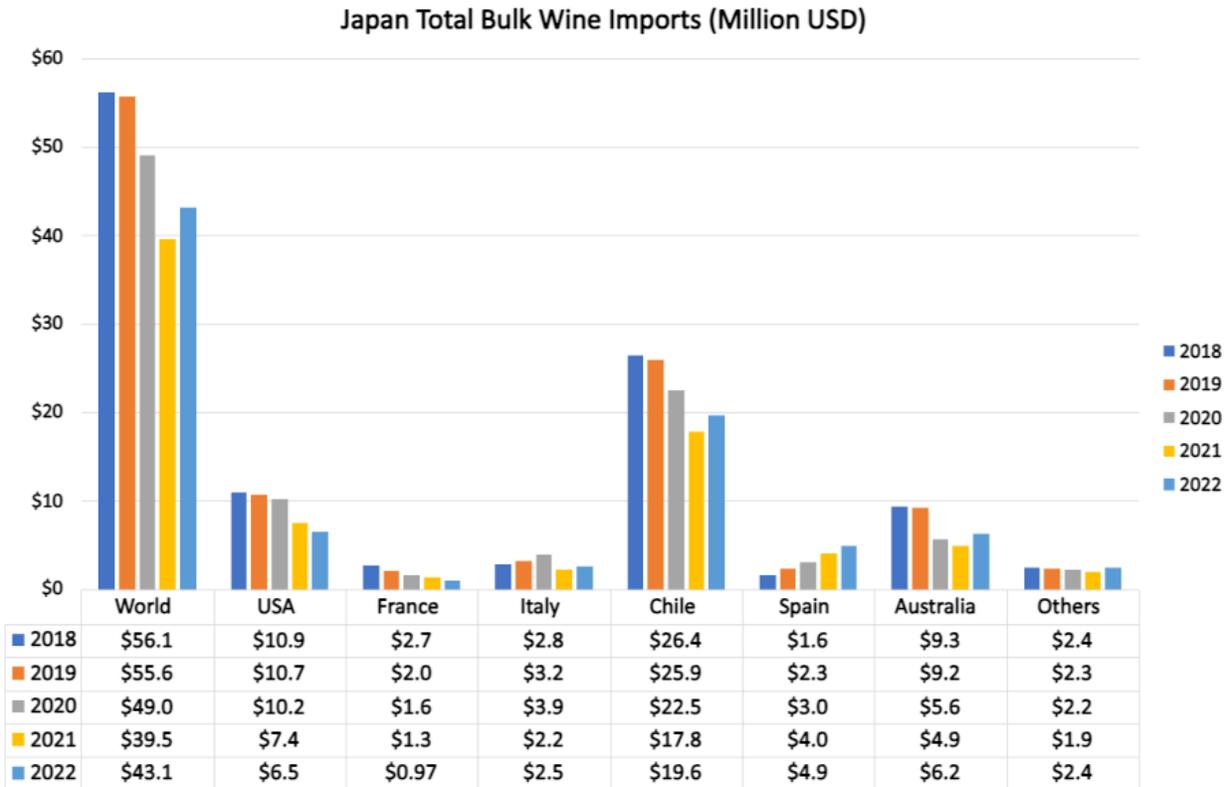
**Chart 2: Sparkling Wine Imports to Japan**



Source: Trade Data Monitor

Japan’s consumer demand for sparkling wine has increased in recent years, with industry data showing that Japan ranks third globally for champagne imports. France has seen the most growth, but it is also notable that Japan’s domestic sparkling wine production and consumption is trending upwards.

**Chart 3: Bulk Wine Imports to Japan**



Source: Trade Data Monitor

The chart above notes imports of bulk wine and declines across all major importers, with the exception of Spain. Bulk wines are often sold by wholesalers to food service retailers for use in restaurants as “house wines”. The COVID-19 pandemic left a void in demand for the dining industry and, in turn, bulk wines. Even as restaurants re-open, ongoing inflation in the economy has left many with less disposable income to dine out and try wines, especially among Japan’s younger demographics.

Spain’s production costs are much lower than competitors, which could partially explain their stable import increase while all other importers experienced declines.

**Market Access**

The USJTA entered into force on January 1, 2020. Competing wine-exporting nations still retain advantages through existing trade agreements that grant tariff-free status on a variety of wine and wine-related products. However, the USJTA has started to bring some balance in market access with U.S. competitors. The phased tariff elimination in USJTA, provides U.S. wine with progressively lower tariff rates until reaching tariff-free status. Certain products, including semi-bulk wine and fortified wines became tariff-free on April 1, 2023, achieving parity with competitors like France and Chile. By 2025, all U.S. wine products will be tariff-free.

**Chart 4: Tariff schedule for USJTA Wine Products**

Product Name + Japan Custom HS Code	Base Rate	Year 5 (2023)	Year 6 (2024)	Year 7 (2025)	Final Tariff (Year)	2022 Imports from U.S.
Wine (holding 2 liters (L) or less) 220421020	15.0% or 125 yen/L, whichever is less; subject to 67 yen/L minimum customs duty	2.8% or 125 yen/L, whichever is less	1.4% or 125 yen/L, whichever less	Free	Free (2025)	\$144,392,154
Wine (holding 150L or more) 220429090	45 yen/L	Free			Free (2019)	\$6,482,332
Sparkling wine 2204100000	182.00 yen/L	34.67 yen/L	17.33 yen/L	Free	Free (2025)	\$2,753,849
Wine (holding 2-10L) 220422000	15.0% or 125 yen/L, whichever is less; subject to 67 yen/L minimum customs duty	2.8% or 125 yen/L, whichever is less, subject to 12.76 yen/L minimum customs duty	1.4% or 125 yen/L, whichever less, subject to 6.38 yen/L minimum customs duty	Free	Free (2025)	\$543,909
Wine (holding 2-150L) 22042910						\$12,926
Sherry, port and other fortified wines (holding 2L or less)	112.00 yen/L	Free			Free (2023)	\$0
Other grape must partially fermented 220430200	45 yen/L	Free			Free (2021)	\$0

Source: [USDAJapan.org/USJTA](https://USDAJapan.org/USJTA)

### Consumption Trends

Japan has a broad base of wine connoisseurs who began learning to enjoy wine in the 1980's and 1990's. They are now a large part of the older population with considerable disposable income to purchase premium wines. As Japan's population ages, the market for high quality wines grows. According to most recent industry data from 2019, of the 30 million regular wine drinkers in Japan, almost half are aged 55 and over. Younger generations are drinking much less on average. However, these younger consumers are more open to novelty and trending products such as canned wine, organic wine, and orange wine.

### Opportunities

Investing in targeted marketing and innovative products is crucial to optimize price advantages via USJTA. Currently, European wines have stronger brand associations in Japan than American wine. However, Japanese consumers enjoy trying new "trendy" novelty food and beverages from the United States, which presents an opportunity for U.S. exporters. Sherry, Port, and other fortified wines became tariff-free on April 1, 2023, and sparkling wine's tariff will be eliminated in 2025.

### Distribution Channels

Both food service and retail consumption of wine are robust as many consumers show interest in wine. The Japanese market offers a wide price range and different wine varieties, especially in urban areas like Tokyo and Osaka. Most retail stores including supermarkets, convenience

stores, and discount stores shelve a variety of wines at different pricing levels, which attracts customers to their stores. Half-bottles have recently stood out on shelves as well.

**Retail Trends**

Shelf space among Japan’s retails is still small. However, more retailers are dedicating more space for wine to attract consumers to visit their stores. U.S. wines are often placed in the price range of ¥ 2,000 to ¥ 8,000 yen/750 ML bottles. Recently, supermarkets such as AEON have expanded the variety of wine and liquor offerings, but supermarkets generally rely on importers for their product lineup. Competing importer countries such as France and Spain offer a comparably large variety of wines. Convenience stores will carry at most two U.S. wines and rely on importers, as well. Specialty wine stores such as Vinos Yamazaki and Enoteca carry more U.S. wines than supermarkets, and often import it themselves. Costco also offers an extensive selection of U.S. wines. Given the limited existing market share, it is critical for U.S. importers to secure retailers and match price points which correspond with the product’s demand and customer base.

Specialty supermarkets carry premium import products where a higher price point is appropriate. such as wines are listed here:

- Kinokuniya Co, Ltd.: <http://www.e-kinokuniya.com/kinokuniya2.pdf>
- Meidi-ya: <http://www.meidi-ya.co.jp/en/>
- Seijo Ishii: <http://www.seijoishii.co.jp/en/>
- Dean & DeLuca: <http://deandeluca.co.jp>
- Queens Isetan: <http://www.queens.jp/pc.html>
- Kaldi Coffee: <http://kaldi.co.jp/english>
- National Azabu: [http://www.national-azabu.com/e\\_index2.php](http://www.national-azabu.com/e_index2.php)
- Costco: <https://www.costco.co.jp/>
- Nissin World Delicatessen: <http://www.nissin-world-delicatessen.jp/>

**Chart 5: Average Imported Wine Pricing in Japan**

Importing Country	Wine brand and type	750 ml/bottle (25.4 fl oz.)	Average retail price (per 750 ml bottle) tax included
U.S.	Kendall Jackson Vinter's Reserve Chardonnay		JPY ¥ 3,300 / bottle or USD \$26.15 / bottle

France	<b>Baron Philippe De Rothschild Cabernet Sauvignon</b>		<b>JPY ¥ 1,320 / bottle, or USD \$10.34 / bottle</b>
Italy	<b>Santa Cristina Pinot Grigio</b>		<b>JPY ¥ 2,750 /bottle, or USD \$21.53 / bottle</b>
Spain	<b>Altos Ibericos Crianza</b>		<b>JPY ¥ 2,530 /bottle, or USD \$19.82 / bottle</b>
Chile	<b>Haras De Pirque Rosso Reserva De Propiedad</b>		<b>JPY ¥ 1,430 / bottle, or USD \$11.20 / bottle</b>
Australia	<b>Pete's Pure Sauvignon Blanc</b>		<b>JPY ¥ 1,430 / bottle, or USD \$11.20 / bottle</b>

Source: Enoteca online shop ([www.enoteca.co.jp](http://www.enoteca.co.jp))

Note: 1 USD = ¥ 140.39 as of 7/11/2023

### Food Service Trends

Restaurants that offer premium wines are mostly French, Italian, and Spanish restaurants. Many of these establishments utilize bulk wine. Since 2020, bulk wine imports have been declining, a trend that is likely attributable, in part, to the downturn in the food service industry during the pandemic.

In the post-pandemic food service space, wine bars have become more popular with younger consumers. Through offering wine by-the-glass, wine has become more accessible and begun to gain favor with younger consumers. However, these consumers are still intaking less wine than previous generations. When they do choose to consume wine, it is most commonly in more

affordable “izakayas” – small, informal bars popular in Japan – or by the glass at restaurants and wine bars. With consumers of all generations returning to restaurants, there is potential for bulk wine demand to rise again.

### **Online Trends**

Internet purchases of wines are growing in Japan. E-commerce sites, such as Amazon, and food delivery services, such as Uber Eats, cater to convenience-minded consumers. According to industry data, e-commerce represents about 15 percent of total wine sales in Japan. The following sites readily appear in search engines:

Wassy’s Online Wine Store: <https://winestore.jp>  
Vinos Yamazaki: [www.v-yamazaki.co.jp](http://www.v-yamazaki.co.jp)  
Enoteca: [www.enoteca.co.jp](http://www.enoteca.co.jp)  
Uber Eats: <https://www.ubereats.com/jp-en>  
Wolt: <https://wolt.com/en/jpn>  
Amazon: [www.amazon.co.jp](http://www.amazon.co.jp)

### **For U.S. exporters**

For assistance with market entry and relationship-building, the ATO organizes U.S. pavilions at the Supermarket Trade Show in February and FOODEX Japan in March. Japanese buyers are invited to stop by the U.S. pavilion to meet with exhibitors. The ATO also supports exhibitors at the shows by providing a market briefing, business meeting lounge, etc. Please contact the ATOs for more information about trade shows.

### **USDA Japan Online**

<http://www.usdajapan.org/> (FAS Japan, English)  
<https://twitter.com/usdajapan> (FAS Japan, English)

#### **ATO Tokyo**

U.S. Embassy  
1-10-5, Akasaka, Minato-ku, Tokyo 107-8420  
Tel: 81-3-3224-5115  
Fax: 81-3-3582-6429  
E-mail address: [atotokyo@usda.gov](mailto:atotokyo@usda.gov)

#### **ATO Osaka**

American Consulate General  
2-11-5, Nishi Tenma, Kita-ku, Osaka City, Osaka 530-8543  
Tel: 81-6-6315-5904  
Fax: 81-6-6315-5906  
E-mail address: [atoosaka@usda.gov](mailto:atoosaka@usda.gov)

### **Ministry of Agriculture, Food and Forestry:**

U.S. laboratories approved by the Japanese Government, visit <http://www.mhlw.go.jp/topics/yunyu/5/dl/a3.pdf>.  
Statistics and articles: <http://www.maff.go.jp/e/index.html>

### **Japan Customs**

Tariff rates in Japan are calculated on a CIF basis and Japan adds a 10 percent consumption tax to all imports. Japan tariff rates are found here: <http://www.customs.go.jp/english/tariff/>

**Attachments:**

No Attachments.