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Wine Marketing Annual

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Report Highlights: Although Japan's wine boom which began in the mid-1990s has slowed, Japanese consumption of wine remains strong. Overall bottled wine imports were down in 1999, due to a glut caused by excessive inventories built up in 1998 in response to a red wine boom. While this oversupply situation still exists and is not expected to fully correct itself until next year, a reduction in excess inventory levels and recovery in prices has begun. U.S. share of the bottled wine import market was 10.2 percent by value and 12.6 percent by volume in 1999, up slightly from 1998 despite a shrinking pie. Growth mainly has been at the expense of Italian and Chilean competitors. With at least flat or slight growth expected for the Japan wine market over the next 3-5 years, the outlook is positive for U.S. wine exports.

Includes PSD changes: No
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TABLE OF CONTENTS

I. SITUATION AND OUTLOOK . . . . Page 1 of 19

Market Overview . . . . Page 1 of 19

Domestic Japanese Wine Industry . . . . Page 4 of 19

Japanese Wine Consumption . . . . Page 5 of 19

Distribution Channels for Wine . . . . Page 6 of 19

Promotion Activities of European and New World Competitors . . . . Page 7 of 19

Regulatory Requirements . . . . Page 8 of 19
Food Sanitation Law Requirements . . . . Page 8 of 19
Wine Labeling Requirements . . . . Page 8 of 19
New Packaging Recycling Law Requirements . . . . Page 9 of 19

Tariff & Tax Situation . . . . Page 10 of 19
WTO Uruguay Round Tariff Reductions . . . . Page 10 of 19
Liquor Tax Law Regulations . . . . Page 11 of 19

Exchange Rates . . . . Page 11 of 19

II. STATISTICAL TABLES . . . . Page 12 of 19

Table 1. Japanese Wine Imports by Type . . . . Page 12 of 19

Table 2. Japanese Bottled Wine Imports by Country . . . . Page 13 of 19

Table 3. Japanese Sparkling Wine Imports by Country . . . . Page 14 of 19

Table 4. Japanese Imports of Wine Coolers by Country . . . . Page 15 of 19

Table 5. Japanese Bulk Wine Imports by Country . . . . Page 16 of 19

Table 6. Japanese Grape Must Imports by Country . . . . Page 17 of 19

Table 7. Japanese Vermouth Imports by Country . . . . Page 18 of 19

Table 8. Japanese Imports of Sherry/Fortified Wines by Country . . . . . . Page 19 of 19

JAPAN WINE MARKET ANNUAL REPORT

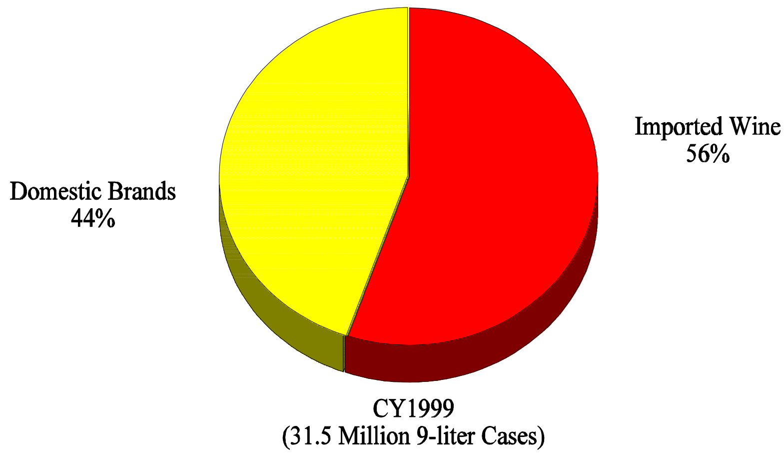
I. SITUATION AND OUTLOOK

Market Overview

Wine has been gaining popularity in Japan since the mid-1980s, as Japanese consumers have become increasingly familiar with wines from around the world. In fact, although the market's current wine boom, which began in the mid-1990s, has slowed, consumption of wine in Japan remains strong. Aggregating bottled wine, sparkling wine and wine coolers, the size of Japan's consumer-ready wine market was 31.5 million 9-liter cases in 1999 on a tax paid basis, with imports accounting for 56 percent of the total. Domestic Japanese brand wines, many of which are actually rebottled imported bulk wine or blended with locally-grown grapes, also have been growing in popularity and accounted for 44 percent of the overall consumer-ready wine market in 1999.

Imports Account for Majority of Japan Wine Market

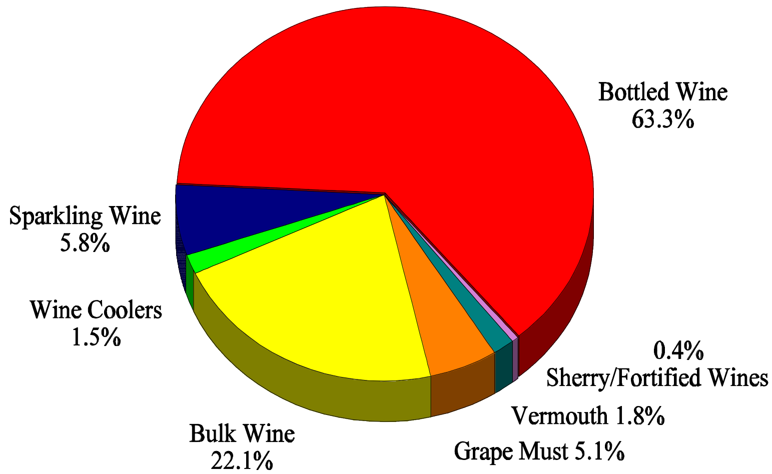
Japanese Domestic Brands Represent Significant Competition



Source: Japanese Ministry of Finance tax data; includes bottled wine, sparkling wine and wine coolers.

Japanese bottled wine imports, which account for the majority of Japanese wine imports as shown in the chart below, were down 48 percent in 1999 from their 1998 level in terms of volume due to a glut in the market caused by excessive inventories built up in 1998 in response to a red wine boom which had reached its peak in 1997. Sparked by the touted health benefits of polyphenol, the red wine boom itself lasted less than one year, but its effects have been long-lasting. Although the market is not expected to fully recover from this oversupply until the summer of 2001, a significant reduction in excess inventory levels and a return to a higher, more normal price positioning has begun to occur.

Majority of Japan's Wine Imports Are Bottled Wines

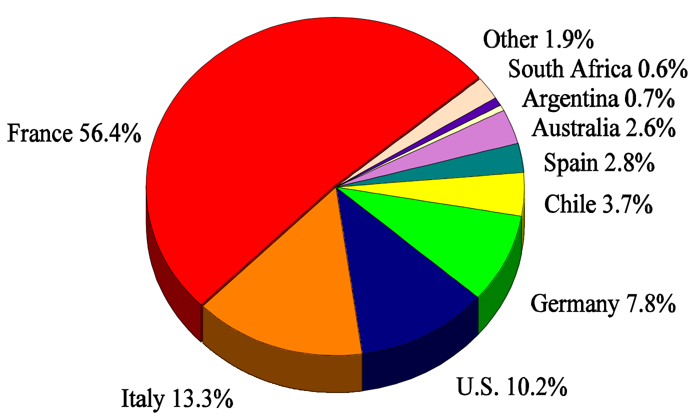


Source: World Trade Atlas based on Japan Customs data (CY 1999; volume basis).

The U.S. share of Japan's bottled wine import market was 10.2 percent by value and 12.6 percent by volume in 1999, as depicted in the following chart below. This is up from 7.2 percent by value and 9.4 percent by volume in 1998, and despite a shrinking pie in 1999, has grown at the expense of Italian and Chilean competitors. However, the United States still faces stiff competition from France, which held 56 percent of the import market in terms of value and 41.6 percent in terms of volume in 1999, followed by Italy with a 13-percent share by value and a 17.6-percent share by volume. Other up-and-coming competitors include Spain and New World wine producing countries, such as Chile, Argentina, Australia and South Africa.

Japanese Bottled Wine Imports by Country

France Holds the Dominant Market Share



Source: World Trade Atlas based on Japan Customs data (CY1999; 76,006 million yen).

Industry analysts are optimistic about the outlook of the Japan wine market over the long-term, as today's younger generation of Japanese is expected to continue to drink wine as they grow older. In the medium-term, at least flat or slight growth is expected over the next 3-5 years at the expense of traditional liquor categories, such as sake, whiskey and scotch. As the third largest market for U.S. wine exports worldwide, Japan continues to show strong promise for the introduction of many fine regional wines from throughout California, Washington, Oregon, and New York, as well as from other emerging wine producing states.

Domestic Japanese Wine Industry

Domestic Japanese wines have been growing in popularity in recent years along with the growth of the overall wine market. However, a "Produced in Japan" label primarily means the product was bottled in Japan. The Japanese wine industry relies heavily on imported bulk wine and grape must as raw ingredients. Domestic brands are made from imported bulk wine, imported grape must fermented in Japan, imported grape juice, locally-grown grapes or a mixture of these. It is generally understood that more than 90 percent of Japanese brands is made from imported bulk wine and grape must, while only roughly 10 percent is produced exclusively from grapes grown in Japan. According to the 1998 JETRO Wine Report, annual domestic grape production in Japan averages only about 250,000 - 300,000 tons and 90 percent of this amount is sold as table grapes.

As discussed previously, domestic brands account for 44 percent of the consumer-ready wine market (including bottled wine, sparkling wine and wine coolers), compared to a 56-percent share for imports, according to 1999 Japanese Ministry of Finance figures. Imports are expected to return to a 60-percent share range once the market finally corrects its excess inventory problem, which could be as soon as the summer of 2001. In the meantime, imports of both bulk wine and grape must were lower in 1999, reflecting the continuing overstock situation of domestic manufacturers, as shown in Table 1 of the Statistical Tables section of this report.

As can be seen in Table 5, the United States is the 11th largest supplier of bulk wine to Japan by value, with imports totaling 210.5 million yen in 1999. The United States is not a significant supplier of grape must to Japan, as shown in Table 6. While the bulk wine segment may present an additional opportunity for U.S. suppliers outside the traditional bottled import market, the U.S. wine industry has not been a major player in the bulk area, which is dominated by subsidized European wines and low-end South American wines.

Compared to bottled wine imports which up until this April faced a 21.3 percent duty (subsequently reduced to 15 percent or 125 yen per liter, whichever is less), the low import tariff for bulk wine (now 45 yen per liter) has given Japanese manufacturers a significant advantage in the low-priced bottled wine market and has contributed to the overall price destruction of the market in recent years. Japanese liquor companies, such as *Suntory Ltd.*, have responded to this opportunity by diversifying into less-expensive low-end wines to complement their traditional higher-priced wines, beer, whiskey and other hard liquor lines. *Suntory* has also been progressive in developing a line of wines made from imported organic grapes in cooperation with U.S. wine maker *Fetzer* to meet the Japanese market's growing interest in organic and natural products.

Japanese Wine Consumption

While beer is still by far the most consumed alcoholic beverage in Japan, and the older generation of Japanese continues to prefer beer, sake and *shochu*, Japanese in their 30s and 40s are increasingly opting for wine. In fact, according to a recent press report, wine consumption has now reached roughly the same level as *shochu* consumption.

Per capita consumption of wine in Japan increased from 1.5 liters in 1997 to 4 liters in 1998, according to the Bordeaux Wine Council. Although 4 liters is still quite low compared to France's more than 50 liters per person or even the United States's 7.4 liters (1997 data), wine has become more of an everyday drink in Japan compared to just a few years ago. Moreover, even though much of the increase in per capita consumption reflects an oversupply of wine imported in 1998 leading to a decline in wine imports in 1999 and despite Japan's economic recession, Japanese consumption of wine continued to be strong in 1999 and into 2000.

According to the Japan Management & Coordination Agency, household expenditures on wine for the three-year period from 1996 to 1998 have roughly doubled to more than 3000 yen, as shown in the following table. This trend continued in 1999 according to a survey conducted by the Japanese Ministry of General Affairs which found that expenditures on wine in February 1999 were 271 yen and 235 ml per household, a 17.8-percent and 10.3-percent increase, respectively, over the same period in 1998.

Annual Japanese Expenditures on Wine per Household

	Expenditure	Quantity (ml)	Price
1996	**¥1,572**	**1,468**	**¥107**
1997	**¥2,178**	**1,938**	**¥112**
1998	**¥3,457**	**2,899**	**¥119**

Source: Japan Management & Coordination Agency Statistics Bureau, 1998

The next table below compares sales of wine by region to other popular alcoholic beverages in Japan as of 1997. Although sales of wine were lower than beer, sake or shochu, as expected, wine consumption was highest in the major metropolitan area of Tokyo, followed by Osaka (Western Japan), Kanagawa Prefecture (the western suburbs of Tokyo), Aichi Prefecture (led by the city of Nagoya) and Hokkaido Prefecture (led by the city of Sapporo).

1997 Sales of Wine and Other Alcohol Beverages by Region

Prefecture	**Wine** (kl)	Beer (kl)	Sake (kl)	Shochu (kl)
Tokyo	59,254	816,861	112,330	86,090
Osaka	17,817	589,491	74,779	27,022
Kanagawa (Yokohama)	17,835	394,151	58,026	51,242
Aichi (Nagoya)	10,491	381,278	52,641	19,735
Hokkaido (Sapporo)	13,409	295,573	40,404	47,735
Hyogo (Kobe)	9,013	287,174	47,990	14,781
Saitama	10,615	255,434	45,180	40,196
Fukuoka	7,467	251,440	39,371	37,118

Chiba	8,585	213,407	34,966	30,960
Shizuoka	5,657	166,899	33,042	22,555

Source: Japan Marketing Data '99/'00 ; Japan National Tax Administration Agency data.
Note: Only top ten prefectures by sales volume are listed and ranked according to wine sales.

According to Japanese wine producer *Mercian Corporation*, red wine is by far the most popular type of wine among Japanese consumers, accounting for 60 percent of the market in 1998. This is followed by white wine with a 30-percent share and rosé with a 10-percent share. The preference for red wine is up from just 30 percent in 1994, reflecting the dramatic effect of Japan's red wine boom. According to JETRO, red wine surpassed white wine as most popular for the first time in 1997 during the peak of the boom, following media reports touting the health effects of polyphenol and anti-carcinogens found in red wine. Although the red wine boom has passed, people still tend to prefer red over white wines, and red wine consumption continues to be fueled in part by the continued popularity in Japan of Italian food.

The red wine boom (and Japan wine boom in general) have also been stimulated by wine becoming more affordable for the average consumer, reflected in the growth of the less expensive popular price segment of wines (500 yen and below per bottle). Domestic brands dominate this lower price segment with a 90+ percent market share, and imported brands cannot compete in this price range because of a prohibitive duty of ¥70 or more per 750*ml.*

However, according to the Wine Institute of California's Japan Office, a flood of inexpensive red wines from Chile, France and Italy saturated the market in 1998. High warehouse costs forced importers to dump these products below cost to reduce inventories, resulting in product such as Chilean wine selling at discount stores for as low as 326 yen per bottle, below cost. Even now in the year 2000, retailers who order Chilean wine may be given free cases as incentives. Neither imported nor domestic wines can compete under such circumstances, but the quality image of Chilean wines has suffered as a result. U.S. wines, particularly California wines, have done well in the 500 yen - 1000 yen range, but have also been focused on the high price range segment of 3000 yen and over.

Distribution Channels for Wine

According to JETRO's 1998 Wine Report, domestic wines are distributed from the manufacturer through primary and secondary wholesalers to the retail and food service sectors. Five wine producers account for roughly two-thirds of the domestic wine market. *Mercian Corporation* and *Suntory Ltd.* each account for about 25 percent, followed by *Sapporo Breweries, Kikkoman Corporation* and *Kyowa Kogyo Co., Ltd.*

Imported wines are distributed through a variety of channels, including 1) direct imports by domestic Japanese wine producers, liquor wholesalers, and large liquor retailers; or 2) indirect imports by specialized trading companies. *Mercian* and *Suntory* are also Japan's leading importers which distribute imported wines through their own sales networks nationwide. Other leading importers include *Jardine Wines & Spirits K.K., Nihon Shurui Hanbai Co., Ltd., Kirin-Seagram Ltd.*, and *Nikka Whiskey Distilling Co., Ltd.*

The liquor wholesaling industry has been undergoing major changes in recent years. JETRO estimates that as of 1997, 9000 of all liquor wholesalers in Japan held wholesaler licenses for wine. Since that time, many small and medium-sized liquor wholesalers have entered the wine business as a strategy to combat severe economic difficulties facing their industry, while larger liquor wholesalers such as *Kokubu*, *Nihon Shurui Hanbai* and *Meidi-ya* have begun direct wine imports, and major food wholesalers such as *Ryoshoku* and *Kato Sangyo* began acquiring operating rights from small and medium-sized liquor wholesalers to expand their product line.

JETRO estimates there were approximately 13,000 retail liquor license holders in Japan as of 1997. Deregulation was the initial catalyst sparking supermarkets to enter the liquor market, while the onset of discount liquor stores forced many small and medium-sized liquor stores to transform themselves into convenience stores. The Wine Institute of California's Japan Office estimates that in 1998, 60 percent of bottled wine imports were sold at off-premise retail stores and the remaining 40 percent at on-premise food service outlets.

The effect of Japan's wine boom on the restaurant sector has been seen in menus offering wines with matching ethnic cuisines having become popular, such as the Italian cuisine boom which has been linked to Italian wine sales. In addition, numerous wine bars serving wine by the glass have opened throughout the major metropolitan markets of Japan. As a sales strategy, wine-by-the-glass campaigns have been very effective in encouraging consumers to sample new wines. However, overall sales of wine at restaurants have been more negatively impacted by the recession as compared to retail sales.

Promotion Activities of European and New World Competitors

Various competitor country organizations promote wine in Japan. Their various activities include publishing newsletters, producing point-of-purchase materials, and organizing press conferences, exhibitions, trade shows and other marketing events. According to industry sources, two quasi-governmental trade organizations advocate French wines in Japan. France's SOPEXA, which has a budget of approximately ¥500 million ($4.37 million) and 10 staff members, spends most of its time and funds promoting French wine. SOPEXA focuses mostly on off-premise retail sales. In addition, the Comite Interprofessionelle di Vin de Champagne (CIVC) receives $437,000 in funding with two staff members and promotes wine in both domestic and overseas markets.

Similarly, Italy's governmental body, ICE, promotes Italian exports to Japan. ICE's budget for wine promotion is approximately ¥80 million ($698,000) with a staff of three and is currently placing emphasis on discount store sales. Germany promotes its wine through an agent of the quasi-governmental German Wine Information Center. There are four staff members, one German representative and three advertising agency staff with a budget of ¥60,000,000 ($524,000). The Chilean Embassy employs two staff members who promote Chilean wine in Japan with a budget of ¥40,000,000 ($349,000).

Regulatory Requirements

Food Sanitation Law Requirements

Under the Food Sanitation Law, the Japanese Ministry of Health and Welfare outlines the permissible quantities of wine coloring agents and preservatives used as additives. All wine imported as gifts, or for sale and other commercial purposes is subject to the Food Sanitation Law and import notification is required. A "Notification Form for Importation of Foods, etc." must be submitted by importers to the quarantine station with authority over the port of entry. Based on the content of this notification form and the import history of the wine, an inspection may be required.

According to JETRO, when the wine being imported is coming into Japan for the first time, it may be exempted from corresponding inspections at the quarantine station if the importer attaches a statement of voluntary inspection results performed in advance by official laboratories designated by the Ministry of Health and Welfare, or by official laboratories in the exporting country. For exact specifications as to what amounts of food additives are allowable in wine, please refer to the Japanese Food Sanitation Law.

Wine Labeling Requirements

The following table lists all of the labeling requirements for wine. Labeling must be in Japanese and must be placed in a visible location on the container. Wine without required labeling may not be sold, displayed for purposes of sale, or used for other commercial purposes.

Label Item	Required Listing Content	Name of Statute or Standard
Product Name	Wine, fruit wine or sweetened fruit wine	Food Sanitation Law
Food Additives	Substance names (and usage category names) of anti-oxidants or synthetic preservatives, etc.	Food Sanitation Law
Alcohol Content	Label must list the ethyl alcohol content at 15°C as a percentage of content volume rounded down to the nearest whole percentage point. (Example: "14%" or "Over 14% and less than 15%")	Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax
Container Volume	Listed in Milliliters (*ml*) or liters (*l*)	Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax, Measurement Law
Type	Sparkling wine labels must state "contains carbonation" or "carbon dioxide gas mixture."	Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax
Country of Origin Name	Country of origin must be indicated in a non-misleading manner	Law Against Unjustifiable Premiums and Misleading Representation
Name & Address of Importer	Wines must list the name and address of the importer. (The maker for domestic wines.)	Food Sanitation Law, Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax

Destination	Label must list the destination after removal from the bonded area or the location of the packing location. However, a symbol may be substituted with the permission of the Ministry of Finance	Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax
Other Require-ments	(1) Mixtures of domestic wine and imported wine Wines made from mixtures of domestic and imported wines must list the wines in order or preponderance in the mixture; for example, "made from domestic wine and imported wine."	Voluntary Industry Standard
	(2) Geographic labeling For products such as *Bordeaux* and *Chablis* whose product quality and reputation fundamentally arise from the geographic place of origin, it is not permitted for labels to use the place name unless the product actually comes from that place; therefore, labeling such as *Bordeaux*-style is also prohibited.	Labeling standard based on the Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax, Measurement Law
	(3) Labeling to prevent consumption by minors All liquor containers must clearly state that "consumption of liquors by minors is prohibited" or "liquors may only be consumed by those age 20 or over."	Labeling standard based on the Law Concerning Liquor Business Association and Measures for Securing Revenue from Liquor Tax, Measurement Law
	(4) Promotion of recycling or liquor containers Products packed in steel cans, aluminum cans, and PET bottles must have an identifying mark on the container.	Law for Promotion of Utilization of Recycled Resources
Source: JETRO Japanese Market Report - Regulations and Practices - Wine, 1998		

New Packaging Recycling Law Requirements

The Japanese government began full implementation of the Packaging Recycling Law in April of this year, requiring industry to recycle all paper and plastic packaging, glass bottles, steel and aluminum cans, PET bottles, and other plastic and paper containers. Manufacturers, businesses, and retailers who manufacture and/or use the materials are responsible for recycling costs. For imported products, importers are likely to be held responsible for paying recycling costs.

In the case of wine, according to industry sources, importers have started to request exporters to use colorless glass bottles if possible and a number of wines in clear bottles have appeared on the market. However, this is only appropriate for less-expensive or early drinking wines that will be consumed within 2-3 weeks after purchase. For more premium wines, generally speaking, the industry is continuing to use colored bottles, despite the added recycling costs. Green bottles have posed the largest problem since there is very limited use for the recycled product. However, one recent solution has been to use recycled green glass in the production of asphalt.

The current recycling charges by type of glass, effective April 2000, to be paid to the Japan Containers and Packaging Recycling Association are as follows:

Colorless Glass	4,151 yen/metric ton
Brown Glass	7,682 yen/metric ton

Green Glass	8,096 yen/metric ton

Tariff & Tax Situation

WTO Uruguay Round Tariff Reductions

Import duties on wine have been reduced gradually since implementation of the WTO Uruguay Round agreement. The latest reduction was in April 2000, when most notably the tariff rate on bottled wine was lowered to 15% (or ¥125/*l*, whichever is less with a minimum of ¥67/*l)* from its 1999 level of 21.3% (or ¥150.83/*l*, whichever is less with a minimum of ¥80.83). Reductions in tariffs on other wine categories have taken place as well, as summarized below.

Tariff Rates on Wine (as of April 2000)

Bottled Wine		
HS220421020	(2L or less)	15% or ¥125/*l*, whichever is less with a minimum of ¥67/*l*
HS220429010	(2L to 150L)	15% or ¥125/*l*, whichever is less with a minimum of ¥67/*l*
Sparkling Wine		
HS220410000		¥182/*l*
Wine Coolers		¥27/*l*
HS220600221	(Other fermented beverage mixtures)	
Bulk Wine		
HS220429090	(>150L)	¥45/*l*
Grape Must		
HS220430191	(1%+ alcohol, less than 10% sucrose by weight)	19.1%
HS220430200	(1%+ alcohol - other)	¥45/*l*
Vermouth		
HS220510000	(2L or less)	¥69.3/*l*
HS220590200	(1%+ alcohol)	¥69.3/*l*
Sherry/Fortified Wine		
HS220421010		¥112/*l*

Source: Customs Tariff Schedules of Japan 2000, Japan Tariff Association

Liquor Tax Law Regulations

In addition to tariffs levied on imported wine, both imported and domestic wines are taxed on a volume basis according to the Japanese Liquor Tax Law. Fruit wine is taxed at ¥56,500 ($493) per kiloliter. Sweetened fruit wine is taxed at ¥98,600 ($861) per kiloliter for alcohol content less than 13%; when the alcohol content is 13% or greater, an additional ¥8,220 ($72) is levied for each percentage point above 12%. The tax on sparkling wine with an alcohol content less than 13% is taxed at a rate based on the standard rate of ¥56,500 per kiloliter.

The Liquor Tax Law has come under scrutiny in recent months for the disparity in tax rates on various types of alcoholic beverages. In November of this year, the Japanese Ministry of Finance announced it was considering raising the tax on wine, shochu-enhanced sake (only sake with other grain alcohol added), and *happoshu* (carbonated low-malt liquor) because the current tax for these products was significantly lower than the rate for other liquor products, such as *shochu* and beer. According to the Japan Wines and Spirits Importers Association, the proposed increase on wine would result in the tax on a 750 ml bottle of wine doubling from its current level of about 42 yen to about 82 yen.

As expected, the new tax increase proposal has met opposition from both the Japanese beverage industry and consumers, and U.S. industry sources are optimistic that such an action will more likely adversely affect the cost of more price-sensitive domestic Japanese wines made from imported bulk concentrates than premium U.S. wines. In the meantime, the issue has been tabled until next year. The Ministry of Finance announced in mid-December that it would postpone the plan for a year, in response to the Japanese Diet's decision to wait to consider the proposal until after elections next May.

Exchange Rates

The following exchange rates are used throughout this report:

1997	121.14 yen/$
1998	132.80 yen/$
1999	114.54 yen/$

Source: U.S. Internal Revenue Service

II. STATISTICAL TABLES

Table 1. Japanese Wine Imports by Type

Volume (Hectoliters)				
Description		1997	1998	1999
Bottled Wine		1,035,082.34	2,493,451.17	1,303,834.31
HS220421020	(2L or less)	1,004,374.26	2,425,004.54	1,252,587.99
HS220429010	(2L to 150L)	30,708.08	68,446.63	51,246.32
Sparkling Wine		83,798.55	99,378.59	118,454.45
HS220410000		83,798.55	99,378.59	118,454.45
Wine Coolers		53,607.26	29,989.65	31,114.48
HS220600221	Other Fermented Beverage Mixtures	53,607.26	29,989.65	31,114.48
Bulk Wine		323,653.15	611,390.63	456,003.09
HS220429090	(>150L)	323,653.15	611,390.63	456,003.09
Grape Must		95,979.98	156,284.28	104,047.34
HS220430191	(1%+ alcohol, less than 10% sucrose by weight)	0.00	0.00	145.20
HS220430200	(1%+ alcohol - other)	95,979.98	156,284.28	103,902.14
Vermouth		22,546.73	33,853.48	37,796.13
HS220510000	(2L or less)	22,364.52	33,690.98	37,604.28
HS220590200	(1%+ alcohol)	182.21	162.50	191.85
Sherry/Fortified Wine		9,311.47	9,695.64	8,056.43
HS220421010		9,311.47	9,695.64	8,056.43

Value (Million Yen)				
Description		1997	1998	1999
Bottled Wine		61,098.18	145,366.35	76,006.14
HS220421020	(2L or less)	60,505.26	143,875.69	74,847.98
HS220429010	(2L to 150L)	592.92	1,490.66	1,158.16
Sparkling Wine		12,309.72	13,401.35	16,482.83
HS220410000		12,309.72	13,401.35	16,482.83
Wine Coolers		962.77	720.15	673.30
HS220600221	Other Fermented Beverage Mixtures	962.77	720.15	673.30
Bulk Wine		3,924.48	8,778.19	5,907.16
HS220429090	(>150L)	3,924.48	8,778.19	5,907.16
Grape Must		2,030.16	4,358.83	2,544.37
HS220430191	(1%+ alcohol, less than 10% sucrose by weight)	0.0	0.0	2.72
HS220430200	(1%+ alcohol - other)	2,030.16	4,358.83	2,541.65
Vermouth		737.77	1,101.83	1,105.31
HS220510000	(2L or less)	733.96	1,097.48	1,101.24
HS220590200	(1%+ alcohol)	3.81	4.35	4.08
Sherry/Fortified Wine		769.49	792.56	622.31
HS220421010		769.49	792.56	622.31

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 2. Japanese Bottled Wine Imports by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	France	439,765.71	1,039,022.77	542,663.17	41.6%
2	Italy	190,263.60	456,975.41	229,170.61	17.6%
3	United States	95,242.40	234,909.00	164,750.55	12.6%
4	Germany	144,248.64	171,850.61	146,042.30	11.2%
5	Chile	55,450.01	275,913.39	64,400.01	4.9%
6	Spain	33,964.16	102,925.89	56,431.19	4.3%
7	Australia	24,609.11	55,644.12	45,036.79	3.5%
8	South Africa	13,753.31	23,148.42	12,002.85	0.9%
9	Argentina	8,069.46	43,398.62	10,562.73	0.8%
10	Bulgaria	4,961.97	39,526.45	8,275.95	0.6%
	Other	80,203.98	326,049.88	88,898.17	2.0%
	Total	1,035,082.34	2,493,451.17	1,303,834.31	100%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	France	34,818.67	78,596.81	42,866.57	56.4%
2	Italy	8,804.54	22,481.62	10,104.73	13.3%
3	United States	3,807.16	10,462.73	7,774.92	10.2%
4	Germany	6,664.34	8,222.57	5,924.68	7.8%
5	Chile	2,142.52	11,935.84	2,777.47	3.7%
6	Spain	1,376.99	4,282.37	2,097.65	2.8%
7	Australia	1,255.85	2,759.03	1,984.70	2.6%
8	Argentina	344.10	1,961.77	507.80	0.7%
9	South Africa	531.90	1,029.44	435.27	0.6%
10	Portugal	308.23	627.77	253.52	0.3%
	Other	1,043.88	3,006.40	1,278.83	1.6%
	Total	61,098.18	145,366.35	76,006.14	100%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 3. Japanese Sparkling Wine Imports by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	France	40,211.53	42,387.34	54,678.55	46.2%
2	Italy	16,526.37	26,612.36	29,600.58	25.0%
3	Spain	14,077.38	15,732.27	18,247.13	15.4%
4	United States	5,948.39	6,664.46	8,080.60	6.8%
5	Germany	5,870.86	6,354.51	5,930.41	5.0%
6	Australia	472.96	680.46	912.09	0.8%
7	South Africa	239.13	225.81	324.18	0.3%
8	Portugal	105.67	219.06	174.60	0.1%
9	Chile	40.31	27.00	121.50	0.1%
10	Brazil	0.00	15.84	88.35	0.1%
	Other	305.95	459.48	296.46	0.2%
	Total	83,798.55	99,378.59	118,454.45	100%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	France	9,962.89	10,220.31	13,134.58	79.7%
2	Italy	986.27	1,608.97	1,649.63	10.0%
3	Spain	725.18	846.60	956.59	5.8%
4	United States	291.87	318.73	366.16	2.2%
5	Germany	270.27	304.40	251.89	1.5%
6	Australia	31.20	50.41	64.00	0.4%
7	South Africa	16.55	12.18	15.38	0.1%
8	United Kingdom	1.21	2.46	10.38	0.1%
9	Portugal	5.39	9.14	6.75	<0.1%
10	New Zealand	1.74	6.01	5.55	<0.1%
	Other	17.18	22.14	21.92	0.1%
	Total	12,309.75	13,401.35	16,482.83	100%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 4. Japanese Imports of Wine Coolers by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	United States	16,806.45	18,655.47	20,573.44	66.1%
2	Germany	7,932.49	5,373.33	7,427.84	23.9%
3	France	1,032.20	1,962.69	1,535.19	4.9%
4	Thailand	1,011.60	957.60	666.79	2.1%
5	Spain	60.00	358.38	462.18	1.5%
6	Mexico	0.00	182.32	305.86	1.0%
7	Belgium	128.16	102.61	49.38	0.2%
8	Italy	10.80	27.72	35.77	0.1%
9	Brazil	77.70	65.10	20.16	0.1%
10	Finland	0.00	0.00	17.98	0.1%
	Other	26,547.86	2,304.43	19.89	0.1%
	Total	53,607.26	29,989.65	31,114.48	100%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	United States	292.24	392.21	441.02	65.5%
2	Germany	151.24	98.99	114.64	17.0%
3	France	65.25	143.49	82.89	12.3%
4	Spain	1.03	7.70	11.81	1.8%
5	Thailand	23.74	19.61	11.67	1.7%
6	Mexico	0.00	3.90	5.96	0.9%
7	Belgium	5.74	4.95	1.90	0.3%
8	Italy	0.25	1.55	1.31	0.2%
9	United Kingdom	391.36	35.60	0.81	0.1%
10	Finland	0.00	0.00	0.52	0.1%
	Other	31.94	12.17	0.77	0.1%
	Total	962.79	720.17	673.30	100%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 5. Japanese Bulk Wine Imports by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	Bulgaria	90,996.77	189,635.68	97,763.63	21.4%
2	Argentina	87,243.58	98,052.59	76,500.50	16.8%
3	Romania	48,549.13	87,682.21	52,472.10	11.5%
4	Yugoslavia	0.00	26,972.85	36,580.53	8.0%
5	Spain	12,572.74	38,786.87	32,224.91	7.1%
6	Macedonia	200.60	26,176.23	27,377.96	6.0%
7	Chile	16,486.58	19,816.10	24,859.72	5.5%
8	South Africa	18,135.63	29,088.95	21,724.55	4.8%
9	France	14,242.02	33,543.31	20,457.24	4.5%
10	Hungary	9,649.09	16,262.69	19,509.75	4.3%
11	Brazil	1,476.09	10,952.40	13,995.28	3.1%
12	Italy	5,576.56	8,020.08	12,644.19	2.8%
13	United States	5,513.88	6,747.28	7,425.75	1.6%
14	Slovenia	3,110.73	5,013.79	2,744.98	0.6%
15	New Zealand	3,216.16	4,016.70	2,733.67	0.6%
	Other	6,683.59	10,622.90	6,988.33	1.5%
	Total	323,653.15	611,390.63	456,003.09	100%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	Bulgaria	1,062.12	2,707.79	1,247.29	21.1%
2	Argentina	829.63	1,134.87	830.05	14.1%
3	Romania	506.28	1,050.31	591.18	10.0%
4	Spain	173.76	643.22	505.01	8.5%
5	Chile	269.54	470.57	446.30	7.6%
6	France	290.22	707.03	416.70	7.1%
7	Yugoslavia	0.00	347.89	375.78	6.4%
8	Macedonia	3.01	274.97	275.82	4.7%
9	South Africa	241.55	422.53	268.64	4.5%
10	Hungary	120.08	228.33	240.57	4.1%
11	United States	114.65	200.06	210.51	3.6%
12	Italy	64.97	136.12	191.06	3.2%
13	Brazil	19.51	126.66	131.46	2.2%
14	New Zealand	72.28	94.20	50.31	0.9%
15	Slovenia	43.74	76.09	34.46	0.6%
	Other	113.15	157.55	92.02	1.6%
	Total	3,924.49	8,778.19	5,907.16	100%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 6. Japanese Grape Must Imports by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	Argentina	87,628.42	108,957.78	80,318.36	77.2%
2	Chile	2,878.06	33,448.56	17,542.62	16.9%
3	South Africa	4,595.54	12,650.14	6,109.36	5.9%
4	Spain	0.0	0.0	77	0.1%
	Other	877.96	1,227.80	0.0	0.0%
	Total	95,979.98	156,284.28	104,047.34	100%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	Argentina	1,814.73	2,858.79	1,896.53	74.5%
2	Chile	94.16	1,187.22	528.08	20.8%
3	South Africa	95.86	288.37	118.41	4.7%
4	Spain	0.0	0.0	1.35	0.1%
	Other	25.41	24.45	0.0	0.0%
	Total	2,030.16	4,358.83	2,544.37	100%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 7. Japanese Vermouth Imports by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	United States	1,539.36	4,507.66	16,379.69	43.34%
2	Italy	5,602.14	6,786.18	6,698.84	17.72%
3	Spain	5,299.70	8,874.78	6,170.13	16.32%
4	China	7,193.42	9,271.60	5,356.09	14.17%
5	France	2,827.21	4,352.24	3,002.81	7.94%
6	United Kingdom	24.30	6.30	121.79	0.32%
7	Germany	0.0	0.0	54.00	0.14%
8	Australia	24.30	6.30	12.78	0.03%
9	Belgium	0.0	4.32	0.0	0.00%
10	Luxembourg	1.80	0.0	0.0	0.00%
	Total	22,546.73	33,853.48	37,796.13	100.00%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	United States	34.47	92.14	427.51	38.68%
2	Italy	247.74	258.71	264.76	23.95%
3	China	203.84	308.74	144.47	13.07%
4	France	130.37	241.74	138.18	12.50%
5	Spain	115.83	194.99	122.90	11.12%
6	United Kingdom	2.62	2.37	4.83	0.44%
7	Australia	2.66	0.67	1.65	0.15%
8	Germany	0	0	1.02	0.09%
9	Belgium	0	2.47	0	0.00%
10	Luxembourg	0.24	0	0	0.00%
	Total	737.77	1,101.83	1,105.32	100.00%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).

Table 8. Japanese Imports of Sherry/Fortified Wines by Country

Volume (Hectoliters)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	Portugal	4,809.02	4,918.63	4,172.19	51.8%
2	Spain	2,999.00	3,103.15	2,433.78	30.2%
3	Italy	793.42	852.13	971.25	12.1%
4	United States	312.21	311.73	257.29	3.2%
5	France	327.64	372.25	147.67	1.8%
6	Greece	0.00	54.00	40.50	0.5%
7	South Africa	0.00	26.91	17.37	0.2%
8	Australia	65.10	16.20	15.30	0.2%
9	United Kingdom	0.00	4.50	1.08	<0.1%
10	Israel	0.00	18.00	0.00	0.0%
	Other	5.08	18.14	0.00	0.0%
	Total	9,311.47	9,695.64	8,056.43	100%

Value (Million Yen)					
Rank	**Country**	**1997**	**1998**	**1999**	**'99 Share**
1	Portugal	447.16	450.37	369.39	59.4%
2	Spain	218.31	227.81	179.94	28.9%
3	Italy	39.49	44.96	40.24	6.5%
4	France	35.71	45.00	17.74	2.8%
5	United States	11.72	11.40	9.45	1.5%
6	Australia	13.90	2.74	2.54	0.4%
7	Greece	0.00	2.48	2.04	0.3%
8	South Africa	0.00	1.31	0.53	0.1%
9	United Kingdom	0.00	0.37	0.45	0.1%
10	Israel	0.00	0.74	0.00	0.0%
	Other	28.69	48.44	0.0	0.0%
	Total	769.49	792.56	622.31	100%

Source: World Trade Atlas, based on Japan Customs data (CY January - December).