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Japan Wine Market Overview

Report Categories:

Market Development Reports

Product Brief

Beverages

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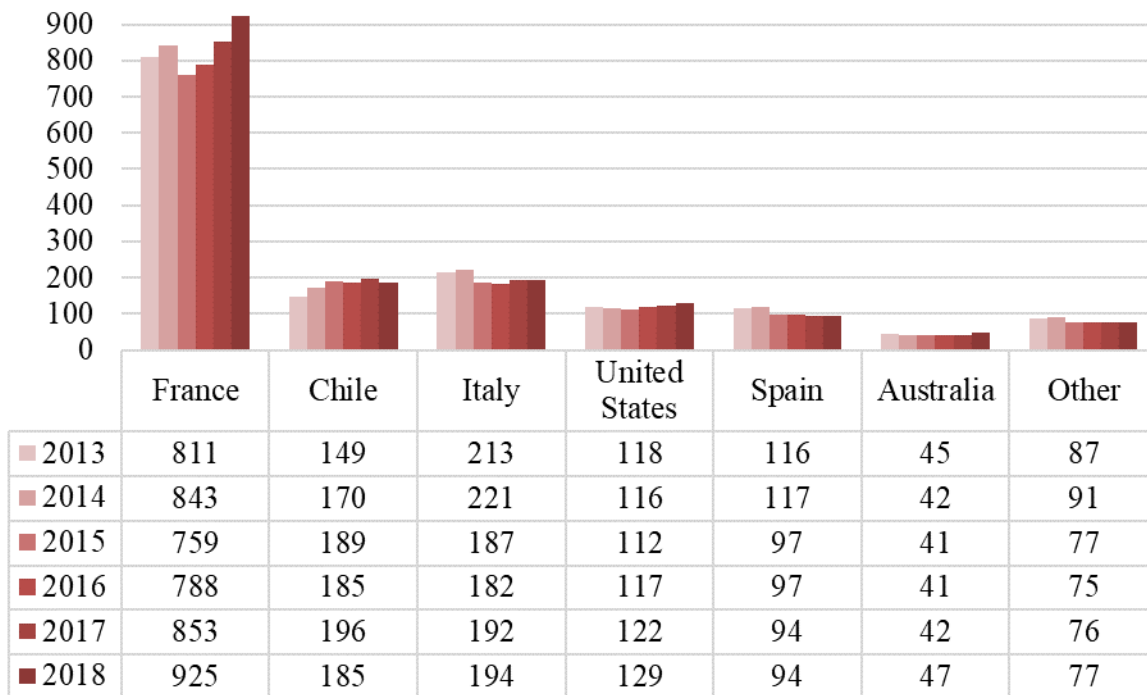
Report Highlights:

Wine consumption in Japan has risen steadily over the last decade. Imports were valued at \$1.65 billion in 2018, and account for nearly seventy percent of the market. The United States is the fourth largest supplier on a value basis at \$129 million, yet holds only eight percent of total import market; overshadowed by \$925 million in exports from France. Chile is the largest supplier on a volume basis, at 77.9 million liters. U.S. bottled wine imports were valued at \$116 million, with a unit value of \$16.14/L. The United States is also the second largest supplier of bulk wine at \$10.9 million. Many U.S. competitors have reached Economic Partnership Agreements (EPA) with Japan that include advantageous tariff concessions for wine; many of which will take effect in 2019.

General Information:

According to Japan National Tax Agency data, consumption of wine is up over the last decade, along with whiskey and liquors, while the consumption of beer, *Happoshu* (a Japanese low-malt beer), *Shochu* (Japanese spirits), and *Sake* have all fallen. According to industry sources, in 2017, Japan’s total wine consumption was 376.6 million liters, sixty-nine percent of which was imported. Global Trade Atlas data shows that 2018 imports were up \$75 million dollars to \$1.65 billion on higher average unit values of sparkling wine, while the import volume dropped by 13.6 million liters on lower imports of bottled wine. The United States accounted for roughly eight percent of the total market by value \$129 million (16.5 million liters). France remained by far the largest supplier on a value basis at \$925 million, more than half of which was high-value sparkling wine. However, Chile was the largest supplier on a volume basis, at 77.9 million liters. Although Chilean wine has continued to increase in market share by volume, the total unit value is relatively low at \$2.38/L. Production of “Japan wine,” which is bottled using only domestic grapes, was 15.8 million liters in 2017; representing only 4.8 percent of the total wine market.

Japan Total Wine Imports (Million USD)



Source: Global Trade Atlas

Consumption Trends:

Japan has a broad base of wine connoisseurs who began learning to enjoy wine in the 1980’s and 90’s. They are now a large part of the older population with considerable disposable income to purchase wines. As Japan’s population ages, the market for high quality wines increased.

Globally, young people are rejecting traditional drinks in favor of newer and lighter varieties. However, individuals in their 20's have a smaller disposable income, along with a decreasing interest in the "drinking culture" which greatly influences overall alcohol consumption in Japan. Wines that are ¥3000 JPY or more are typically consumed by people over the age of thirty, and many in the 30's and 40s age range attend wine schools and wine-themed dinners.

According to the research conducted in 2016, only fifteen percent of Japanese women regularly drink any kind of alcohol, as opposed to over forty percent of men. However, the person who decides which wine to drink tends to be female. In interviews with experts, it is known that there is a stronger shift towards women leading the wine market as they are usually the decision makers in purchasing food and beverages in the home, thus making females the brand decision maker.

Some of the overall trends recently observed include:

- ***"Ready to Drink (RTD)" Alcoholic Beverages:*** These single-serving canned beverages can be purchased in convenient stores and cater to the younger generation. A couple of examples are canned Chu-hi (fruit cocktail) and Highball (whiskey with soda). Suntory, one of the top beverage companies in Japan, released the "Cup Wine" in response to the shifting demand. The Suntory "Cup Wine" contains 180 ml and sales are limited to restaurant, as well as a sparkling wine bottle limited to retail. Other wine producers are selling single
- ***Japan Wine:*** "Japan Wines" are becoming more visible in retail stores and some restaurants, as consumers appreciate domestic production and view Japan wine as high quality.
- ***Organic Wine:*** Japanese consumers are very health oriented. Organic and Biodynamic wines have attracted more attention in 2018.
- ***Sparkling Wine:*** For a few, sparkling wine is substituting for beer as that first thirst quencher. Many restaurants serve sparkling wine by the glass.

Duty Treatment for Wine:

Under World Trade Organization (WTO) most-favored nation (MFN) treatment, Japan applies either the lower of a 15 percent ad valorem tariff or 125 Japanese Yen (JPY) per liter (L) duty (with a minimum duty of 67 JPY/L) to wine. However, many of our top competitors have reached free trade agreements with Japan that reduce or eliminate wine tariffs, including the European Union, CPTPP Countries, Australia, Chile, and Mexico. More information can be found in the following GAIN report: [JA8023](#)

SECTION I: Bottled Wine (HS 220421)

Imports:

For 2018, bottled wine imports totaled 167 million liters valued at \$978.2 million. The average price per liter of imported bottled wine was \$5.85. Of the major importers, the United States has the highest average unit value for bottled wines, and has held that distinction since 2013. The average value of U.S. bottled wine increased seven percent in 2018, from \$15.07/L to \$16.14/L. France is also a premium bottled wine supplier, with a \$9.74/L average unit value. The average import price-per-liter from Chile was \$2.87/L, Spain \$3.05/L, Italy \$5.05/L, and Australia \$4.17/L.

Partner Country	Japan Imports of Bottled Wine; Million United States Dollars				
	2014	2015	2016	2017	2018
World	\$1,059.9	\$949.1	\$921.7	\$978.6	\$978.2
France	\$480.2	\$410.3	\$393.6	\$413.2	\$411.5
Italy	\$176.6	\$149.4	\$144.0	\$153.5	\$153.1
Chile	\$136.6	\$153.2	\$145.5	\$159.0	\$147.3
United States	\$92.0	\$90.6	\$95.5	\$103.6	\$115.8
Others	\$174.5	\$145.7	\$143.1	\$149.3	\$150.6

Source: Global Trade Atlas

By Country: United States

Bottled wine constitutes ninety percent of imports from the United States. In 2018, U.S. bottled wine was up \$12.2 million to \$115.8 million, making it the only major supplier to see a year-over-year increase in quantity and value. Japan is a premium wine market for the United States, where U.S. wine brands are favored for their innovation, desirable flavor profile, sweetness, and high alcohol content. It is important for U.S. producers to take advantage of this image.

American wines are identifiable by state or region. California has established an image as one of the best new world wine producers. Napa Valley resonates well with Japanese consumers and it is now associated with high quality wine in the same fashion that “Bordeaux” is with French wine. Oregon wines can be found through multiple Japanese importers. There is a great opportunity to establish the reputation of Oregon wines if quality product can be supplied for a competitive price. According to industry specialists, Oregon regions promoted in Japan include the Columbia, Willamette, and Applegate Valley regions. Washington wines are found mostly in restaurants. Regions promoted in Japan are Yakima, Walla Walla, and Columbia, to name a few.

France

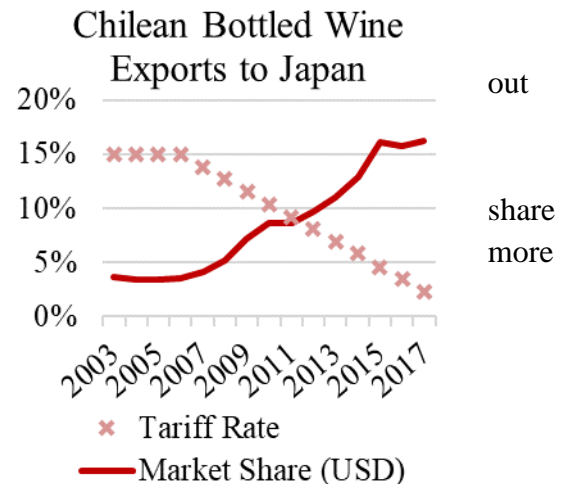
While France carries the strongest image for wine in Japan, its bottled wine market share continues to decline steadily due primarily to competition from new world wines. Imports declined from 56.7 million liters in 2013, to 42.2 million liters in 2018. The older generation connoisseurs who learned about wine with French wines have a large influence on Japanese sommelier society. Industry experts, therefore, forecast that despite the shrinking market of French wine, demand in Japan will continue to be

strong. The EU-Japan Economic Partnership Agreement (EPA) entered into force on February 1, 2019, giving French and other EU countries immediate duty-free access for wine, which is expected to result in increased exports.

Chile

In 2007, The Chile-Japan EPA entered into force, and the applied tariff rate for bottled wine began a 13-year phase-from the WTO applied rate of fifteen percent to duty-free, beginning in 2019. Since implementation, Chilean bottled wine's market share has quadrupled by value, and market by quantity has taken off; from just under seven percent to than thirty percent.

Chilean wine now dominates in the lower price segments (¥500 – 1000 JPY), selling very well at supermarkets and convenience stores. The image that Chilean wine is cheap persists, but wine industry professionals also believe that Chilean wine is a good quality for a fair price. Chilean producers have also improved their branding by changing labels to attract new customers. In 2015, Chile became the largest supplier on a quantity basis and second largest on a value basis Chile imported 51.4 million liters in (\$147 million) 2018.



Source: Global Trade Atlas; Chile-Japan EPA Annex 1

Italy

Imports of bottled Italian decreased marginally in 2018, to \$153 million. According to a Japanese wine magazine, the production of Italian wine decreased by 17.7 percent in 2017 by a late frost and drought caused by the long heat wave; the worst productivity in seventy years.

Spain

Spanish wines sell very well in convenience stores and supermarkets. Spanish wine is viewed favorably in the lower priced range, and has a desirable taste and label appearance. Spanish imports dropped by eleven percent to 17.7 million liters valued at \$54 million in 2018.

Australia

Australian bottled wine imports have fallen from their peak in 2012, but have plateaued in recent years, valued at \$28.6 million in 2018. The Economy Partnership Agreement (EPA) between Japan and Australia was implemented in 2015, and the import duty of Australian wine will gradually decline until it vanishes in April 2021.

Germany

German exports to Japan decreased marginally in quantity in 2018, while up in value to \$14.4 million. Many Japanese consumers prefer a dry tasting wine and German wines are perceived as mostly sweet. However, there are some consumers who drink German wine exclusively.

Domestic bottled wine:

A new rule regarding the standard for manufacturing methods and quality indication of domestic wine started on October 30, 2018. Wine that contains only domestic ingredients can be classified and labeled as a “Japan Wine.” As it is recognized as high quality wine, Japan wine is expected to expand their share in the wine industry, yet, in 2017, totaled 15.8 million liters, which represents only 4.8 percent of the wine market.

SECTION II: Other Wine

Sparkling Wine (HS 220410)

2018	Bottled		Sparkling	
	Value	per/L	Value	per/L
France	411.5	9.74	510.7	34.64
Italy	153.1	5.05	38.1	5.54
Chile	147.3	2.87	11.5	4.06
USA	115.8	16.14	2.5	16.52
Spain	54.0	3.05	38.0	4.44
Australia	28.6	4.17	8.8	4.47

Imports of sparkling wine increased by thirteen percent in 2018, from \$543.5 million to \$615.6 million on higher average unit prices (total imported quantity decreased marginally). France now enjoys eighty-three percent of the sparkling wine import market, supported by a premium unit price of \$34.64/L. In terms of 2018 import volumes and values, France brought in 13.7 million liters at \$510.7 million; Spanish exports were 8.6 million liters valued at \$38 million, and Italian exports were 6.9 million liters at \$38.1 million dollars.

Value = Million USD

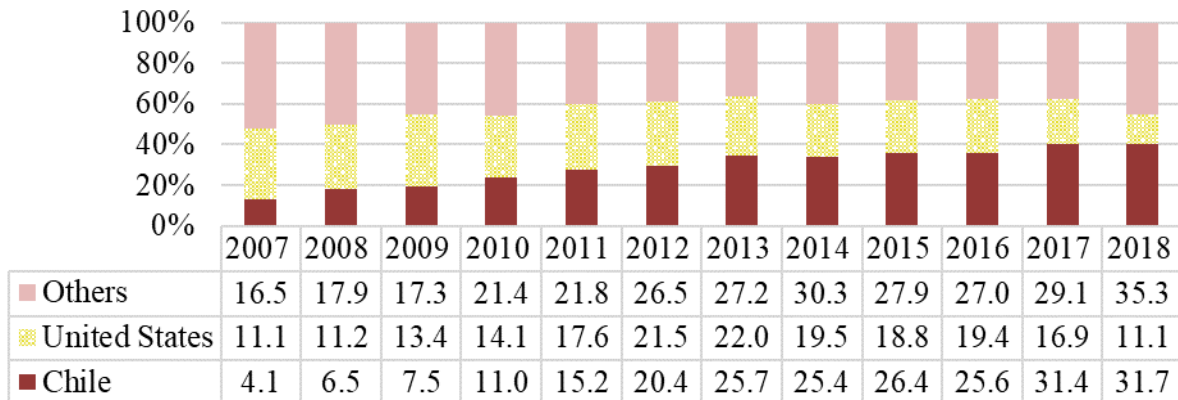
Source: Global Trade Atlas

Semi-Bulk Wine and Box Wine

A new sub-category for Harmonized Statistics Code for wine was implemented in 2017. Previously, wine in containers greater than two liters but not more than one hundred fifty liters was defined as semi-bulk wine. The vast majority of these wines were, at that time, boxed wines, which are sold as imported still wine. Now, the Japanese Harmonized Tariff Schedule (HS) Codes separate wine in containers greater than two liters but not more than ten liters (HS 2204.22.000; box wine) from wine in containers greater than ten liters but not more than 150 liters (HS 2204.29.010; semi-bulk wine). For 2018, the import value of semi-bulk was only ten percent of box wine’s value, and 0.2 percent of total wine, at \$2 million.

As recently as 2015, the United States was the largest supplier of semi-bulk wine. However, beginning in 2007, the U.S. market share gradually dropped from over fifty percent to twenty-six percent in 2015 at \$8.8 million. From there sales dropped dramatically and combined semi-bulk and box wine imports from the United States were only \$210,025 in 2018; now only one percent of the market. Total semi-bulk and box wine imports were \$24 million in 2018, with France, Chile, Spain, Italy, and Australia combining for ninety-four percent.

Box, Semi-Bulk, and Bulk Wine Imports (Million USD)



Source: Global Trade Atlas

Bulk Wine (HS 220429090)

Conversely, imports of U.S. bulk recorded year-over-year gains from 2015 to 2017, reaching an all-time high \$16.3 million and making the United States the second largest supplier behind Chile. However, in 2018, U.S. exports of bulk wine dropped to \$10.8 million while Australian exports skyrocketed to \$9.3 million, a one hundred fifty-eight percent year-over-year increase. Low-priced wines have become easily accessible in part by increased imports of bulk wine for local bottling from Chile and the United States, and now Australia. In the past decade, bulk wine imports are up nearly one hundred fifty percent, from \$21.9 million to \$54.2 million. The prices per liter for bulk wine in 2018 were: United States \$1.19, Chile \$1.11 and Australia \$1.21. Since 2013, Chile has enjoyed the greatest share of the bulk wine market.

Wine-Related Products

Commodity	Description	2016		2017	
		Value	Quantity	Value	Quantity
Grape Must					
220430200	ABV of Not Less Than 1%	\$17,619.1	6,280.7	\$15,775.6	4,698.3
Vermouth					
220510	In Containers < 2 Liters	\$ 8,959.6	3,544.5	\$ 8,629.7	3,355.1
220590	In Containers > 2 Liters	\$ 414.0	304.7	\$ 435.7	268.1

Quantity = Thousand Liter; Value = Thousand USD; Source: Global Trade Atlas

Grape must imports are dominated by Chile and Argentina. Spain supplies the largest quantity of vermouth, while Italy and France supply significant volumes at a relatively premium price.

SECTION III: Market Access

Packaging and Labeling

The standard package for domestic and imported wine is the 750ml glass bottle. There has been some volume of imported wine sold in one-half (375ml) and one-quarter (187.5 ml) sized bottles. PET bottle packaging is emerging among “Kokusan (domestic) wine” in Japan as it is light, easy to open, and durable. Consumers under 35 years of age fully accept screw caps whereas older consumers maintain a strong association between corked wine and quality. More information about packaging and labeling can be found in the following GAIN report: [JA8092](#)

Distribution Channels

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

Most retail stores such as supermarkets, convenience stores, 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

Wines mostly sold at retail are Chilean, French, Italian, and Spanish wine. U.S. wines’ shelf space is still small. However, more retailers are increasing wine space to attract customer to visit their stores. U.S. wines sell well in the price range of 1,200 to 3,000 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. Convenience stores will carry at most two U.S. wines, and rely on importers as well. Liquor stores such as Vinos Yamazaki and Enoteca carry more U.S. wines than supermarkets, and often import it themselves.

Specialty supermarkets that carry premium import products 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	http://www.national-azabu.com/e_index2.php
Nissin World Delicatessen	http://www.nissin-world-delicatessen.jp/

Food Service Trends

Restaurants that offer premium wines are mostly French, Italian Spanish restaurants. Today, all levels of restaurants have wine options. The pricing will depend on the quality of the restaurant. Even small size sushi restaurants will offer a few labels of wine. Low-cost chain restaurants will serve bag-in-box type wines.

Online Trends

Internet purchases of wines are growing 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

Enoteca www.enoteca.co.jp

Wine Importers

Japan is a very competitive market, and buyers in the food and beverage industry are inundated with meeting requests. Therefore, they often do not respond to "cold calls" or requests for meetings with individual companies. Instead, they prefer to find new products at large trade shows, or specially targeted trade showcases, where they can look at many products at once. Therefore, the best way to find buyers is to participate in one of the food related trade shows or showcases in Japan.

The ATO organizes U.S. pavilions at the Supermarket Trade Show in February and FOODEX Japan in March, and many 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.

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