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Voluntary Public

Date: 9/6/2016

GAIN Report Number: JA6012

Japan

Post: Tokyo

Japanese Sake GI to Protect Brand Japan in Overseas Markets

Report Categories:

Agricultural Situation
Agriculture in the News
Trade Policy Monitoring
Wine

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Report Highlights:

Japan designated “Japanese sake” / *nihonshu* / 日本酒 as a Geographical Indication (GI) on December 25, 2015. In keeping with recent efforts to elevate the value of Japanese agricultural products and to promote agricultural exports overseas, the new GI will limit the use of the above terms to only those products brewed in Japan with Japanese-grown rice and Japanese water. As the GI does not restrict foreign producers’ ability to use the term “sake,” a widely recognized term, Post does not anticipate much impact on U.S. sake.

Keywords: Japanese sake, geographical indications, GI, JA6012

General Information:

Japan's National Tax Agency (NTA) designated the terms "Japanese sake" / *nihonshu* / 日本酒 as a Geographical Indication (GI) and created a "Japanese sake" production standard on December 25, 2015. The production standard designates that "Japanese sake" must be brewed in Japan from rice grown in Japan and water drawn in Japan. The standard supplements the Liquor Tax Law's existing production standard for "sake" / *seishu* / 清酒 which does not specify the geographic origin of ingredients.¹ Products that do not meet the "Japanese sake" production standard cannot be labeled "Japanese sake," *nihonshu* or 日本酒 but may be labeled as "sake," 酒 *seishu* or 清酒. By permitting continued use of the generic term "sake," the NTA's designation of "Japanese sake" is consistent with the stated objectives of the GI Act, which protects the freedom to use common names and does not cover alcoholic beverages (for more information on the GI Act, see [JA5008](#) and [JA5016](#)). The [production standards](#) and the [Liquor Tax Law](#) are both available (in Japanese) on-line.

Under Japan's Liquor Industry Association Act, the director-general of the NTA has the authority to designate GIs for alcoholic beverages, including wine, distilled spirits and sake. Following the conclusion of Trans-Pacific Partnership (TPP) Agreement negotiations, the Government of Japan significantly expanded its efforts to promote Japanese agricultural exports. As a country with relatively high costs of production, Japan is looking to capitalize on distinctively Japanese high-value exports, such as Japanese green teas, Japanese wagyu beef, and Japanese sake. As part of that effort, the NTA revised the labeling standards for alcoholic beverages and established alcoholic beverage GI guidelines on October 30, 2015, to simplify the alcoholic GI registration process. Despite establishing a GI system for alcoholic beverages in 1995, as of August 18, 2016, there were only six alcoholic beverage GIs in Japan, all registered before October 2015. The alcoholic beverages [labeling standard](#) and the [GI guideline](#) are both available (in Japanese) on the NTA website.

In a [side letter on distinctive products](#), the United States pledged to initiate the process to consider prohibiting infringement upon Japan's six registered alcoholic beverage GIs as well as "Japanese sake" / "Nihonshu sake" upon entry into force of the TPP Agreement. In return, Japan has pledged to initiate the process to consider prohibiting infringement upon two U.S. distinctive products: Bourbon Whiskey and Tennessee Whiskey. In order to protect "Japanese sake" / *nihonshu* / 日本酒 in other markets, Japan will need to negotiate separate recognition agreements. Under TPP, tariffs on Japanese sake are scheduled to be eliminated eleven years from the date of the Agreement's entry into force.

In addition to "Japanese sake", the NTA also designated "Japan wine" as a GI in December 2015. For more information on "Japan wine," see [JA5020](#) and the November 2015 NTA presentation in the attached Appendix.

¹ The product that Americans commonly refer to as 'sake,' is in fact *seishu* / 清酒 in Japanese. In the Japanese language, the word *sake* / 酒 is used to refer to all alcoholic beverages, including beer, spirits, and wine. In the Japanese language, *nihonshu* / 日本酒 is the term commonly used for 'Japanese *seishu*.'

Appendix:

Measures for promoting the alcoholic beverages produced in Japan

(Development of wine labelling rules and revision of GI system)

November, 2015

Liquor Tax and Industry Division

National Tax Agency

Measures for promoting the alcoholic beverages produced in Japan

1 Development of wine labelling rules

- While domestic consumption of the alcoholic beverages hits the wall, wine industry is a growing sector whose consumption is increasing including consumption of domestically produced wines.

Especially, among so-called "Japan wine", which is brewed only with domestically produced grapes, recent years, some high quality products which awarded at international competition, appeared in the market.

Having above background, in order to raise international recognition of Japan wine and to offer easier choice for the consumers, "Labelling Standards for Manufacturing Process and Quality of Wine, etc. (Notification of NTA Commissioner)" was developed.

2 Revision of Geographical Indication (GI system)

- GI system is a system whereby only a product which is manufactured with ingredients and production methods which are attributable to its geographical origin is allowed, exclusively, to indicate the name of its geographical area (regional brand) (those products which are manufactured outside the geographical area, or products manufactured within the geographical area but do not meet standards on ingredients or production method are not allowed to indicate the name of its geographical area)

Up until now, as requirements for designation as GI were not concretely demonstrated, the system was not fully utilized. However, it is considered to be effective to use GI with a view to enhancing the brand value of liquor made in Japan in the future.

Therefore, in order to define standards for designation as GI as well as to systematize rules such as concerning harmonised indication easy to be understood by consumers, a revision was made to Indicating Standards Concerning Geographical Indications for Liquor (National Tax Agency Notice)

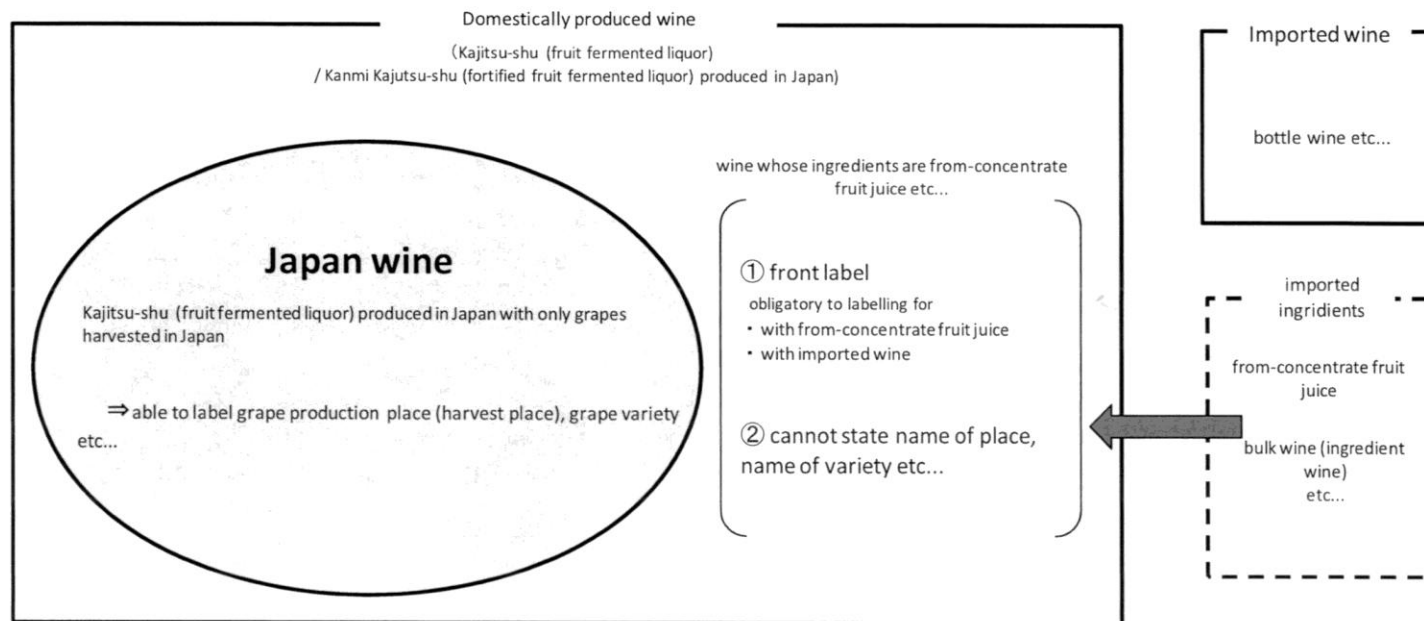
※ Currently, 6 GI designations: Iki, Kuma, Ryukyu, Satuma (Shochu), Hakusan (Seishu-sake), and Yamanashi (wine)

3 Designation of *Nihonshu* (Japanese sake) as GI

- For the purpose of enhancement of brand value of Japanese sake in general, as well as of export promotion as a part of Cool Japan, after public comment procedures, it is planned to designate Nihonshu as GI at national level.

[①- 1] Development of wine labelling rules

- Domestically, not only "Japan wine" but also various kind of wines whose ingredients are from-concentrate fruit juice and/or imported wine, are distributed. This causes problems that it is difficult for consumers to see differences between Japan wine and other wine (wine made of imported ingredients) etc...
- Considering the above situation into consideration, from the point of protection/promotion of Japan wine and comprehensive labelling for consumers, wine labelling rules based on the international rules, were developed as Notification (*)
- The publication of the notification was on 30 October, 2015. With 3 years of transition period, it will enter into force on 30 October, 2018
 Vintage wines which were produced and stored before the implementation date will be exempted from scope of application



(*) "Labeling Standards for Manufacturing Process and Quality of Wine, etc" is stipulated as a standard (Notification) in accordance with Act Concerning Liquor Business Associations and Measures for Securing Revenue from Liquor Tax

[①–2] Overview of labelling rules for wine (front labelling)

Only Japan wine can label provenance, names of grape variety and vintage year

▶ Provenance

- Name of the place of origin (i.e. Kasumigaseki wine, Kasumigaseki etc...)
 - ⇒ in case that the name of area includes place of harvest (more than 85% of grapes should be used) and place of production of wine
- Name of the harvesting area (i.e. use of grapes harvested in Kasumigaseki etc...)
 - ⇒ in case that the name of area includes place of harvest (more than 85% of grapes should be used)
- Name of the place of brew (i.e. Kasumigaseki brew wine etc...)
 - ⇒ in case that the name of area includes place of brew

▶ Names of grape variety

- labelling of a single variety
 - ⇒ in case of using a single variety for more than 85% of product
- labelling of two varieties
 - ⇒ in case that total use of two varieties counts for more than 85% of product and names are stated in descending order of content
- labelling of more than 3 varieties
 - ⇒ in case that used percentage of each variety is stated (total use is more than 85% of product) and names are stated in descending order of content

▶ Vintage year

- in case that more than 85% of product is made from the grapes harvested in the same year

(reference)

Examples of Japan wine labelling

【case: Name of the place of origin】



Japan wine

Kasumigaseki wine

Chardonnay
2015

Production NTA Co.

fruit liquor

【case: Name of the harvesting area】



Japan wine

With grapes harvested in Kasumigaseki

Chardonnay
2015

Production NTA Co.

fruit liquor

【case: Name of the place of brew】



Japan
wine

Kasumigaseki brew wine

Kasumigaseki does not include the harvesting
area of grapes

Chardonnay
2015

Production NTA Co.

fruit liquor

※ place of brew is stated on the back label.

[①－3] Items to be labelled together (back label)

- Mandatory items should be labelled together
 - labelling required under Liquor Business Associations Act and Food Sanitation Act
(①name of manufacturer ②place of production ③volume ④alcohol content)
 - labelling required from aspect of consumer protection
(①Japan wine ②name of ingredient and its place of origin)

examples

Japan wine

Japan wine
 Ingredient : grape (made in Japan) ※ 1
 /antioxidant (sulfite) ※ 2
 Manufacturer : NTA Co.
 Place of production : 3-1-1 Kasumigaseki,
 Chiyoda-ku, Tokyo-to
 Volume of Content : 720ml
 Alcohol Content : 12%

Wine using imported ingredient

Ingredient : from-concentrate grape juice (foreign
 country origin), imported wine /antioxidant ※ 1
 (sulfite) ※ 2
 Manufacturer : NTA Co.
 Place of production : 3-1-1 Kasumigaseki,
 Chiyoda-ku, Tokyo-to
 Volume of Content : 720ml
 Alcohol Content : 12%

- ※ 1 ingredient such as fruit (grape), from-concentrate fruit juice (from-concentrate grape juice) and imported wine, should be labelled in descending order of content.
- ※ 2 As for fruit and from-concentrate juice, place of origin ("Japan" or foreign country) should be stated in blaket next to a name of ingredient. Japan can be replaced by name of area and foreign country can be replaced by country of origin. (country of origin can be stated for imported wine as well)
- ※ 3 items which can be considered as appropriate to contribute to choice of consumers, such as grape variety, can be labelled.

〔②〕 Revision of GI system

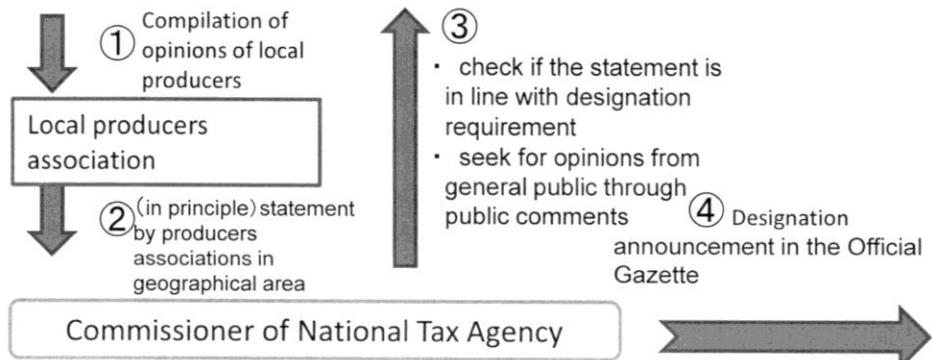
【Outline of revision of indicating standards concerning GI for liquor (30 October, 2015)】

- requirements to be designated as GI to be established
- rules on procedures
 - ・ statement procedure to be designated to be made clear
 - ・ public comments to be held for designation
- harmonized indication
 - ・ GI liquor to be indicated as "地理的表示〇〇" or "GI〇〇"

【framework for GI designation for liquor】

- Origin of liquors
- Requirements to be designated as GI
- ① clear characteristic of liquor which is essentially attributable to its geographical origin
 - ・ characteristic of liquor should be established
 - ・ characteristic of liquor is attributable to its geographical origin
 - ・ ingredients and manufacturing method of liquor is
 - ② proper management to maintain the characteristic of liquor

- GI
1. name
 - name to be protected such as Yamanashi
 2. Scope of geographical area
 - clear border line
 3. category
 - grape wine, distilled liquor, sake, or other kinds of liquor
 4. production standards
 - ・ characteristics
 - ・ ingredients and manufacturing method
 - ・ management to maintain characteristic of liquor
 - ・ liquor classes



Designation of GI Nihonshu (Japanese Sake)

- GI system is an effective system to establish regional brands. From the international viewpoints, a nation being also considered to be one region, it is possible to make use of this system for a product which is characteristic to a certain nation.

Examples in overseas: Canadian Whisky, Bourbon Whisky, Scotch Whisky, which are GIs at national or quasi-national level.

- *Nihonshu* is a liquor, originating from Japanese traditional manufacturing method and ingredients. It is planned to designate "*Nihonshu*" as GI at national level, in order to enhance the brand value of Japanese sake in general, as well as to promote export as a part of Cool Japan.

【Scope of GI *Nihonshu*】 ▪ *Seishu* (sake) manufactured using domestically produced rice as ingredients, and manufactured within Japan

- It will become possible to request foreign countries, through international negotiations, to take actions against non-conforming cases of *Nihonshu* by way of GI designation.

Furthermore, *Seishu* (sake), manufactured overseas, or manufactured using imported rice as ingredients is entitled to be indicated as *Seishu* but not as *Nihonshu*. It will become easier for consumers to make distinction.

- Based on the revised Indicating Standards Concerning Geographical Indications for Liquor (30 October), and taking into consideration of opinions expressed through public comments, it is planned to designate *Nihonshu* as GI.

(note) Article 11-5 in the Act Concerning Liquor Business Associations and Measures for Securing Revenue from Liquor Tax will also be revised according to the designation of GI *Nihonshu*.

