

~ Taking various measures for the development of liquor business ~

The NTA is making proactive efforts for the sound development of liquor business, not to mention for realizing the proper and fair taxation of liquor tax.

In order to revitalize the liquor industry and promote the exports, the measures for the domestic market and the measures for export promotion are used as the two pillars for the objectives. More specifically, we look to the improvement in domestic and overseas visibility as well as provide support for cultivating overseas sales channels. (Hereunder, please also reference the “Sake Report” (<https://www.nta.go.jp/taxes/sake/shiori-gaikyo/shiori/2022/pdf/001.pdf> [in Japanese]) (released in March 2022) uploaded to the NTA website.)

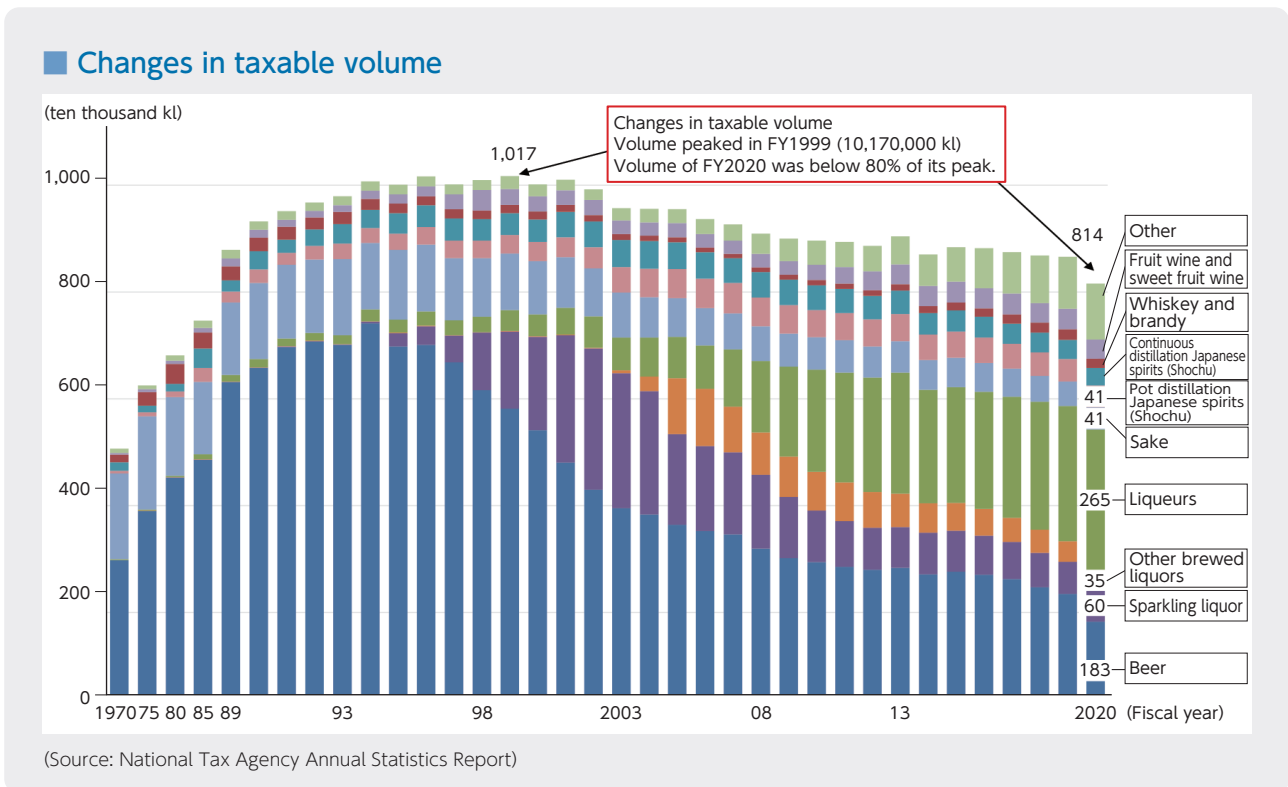


Sake Report

1 Situation of Liquor Industry

(1) Situation of domestic market

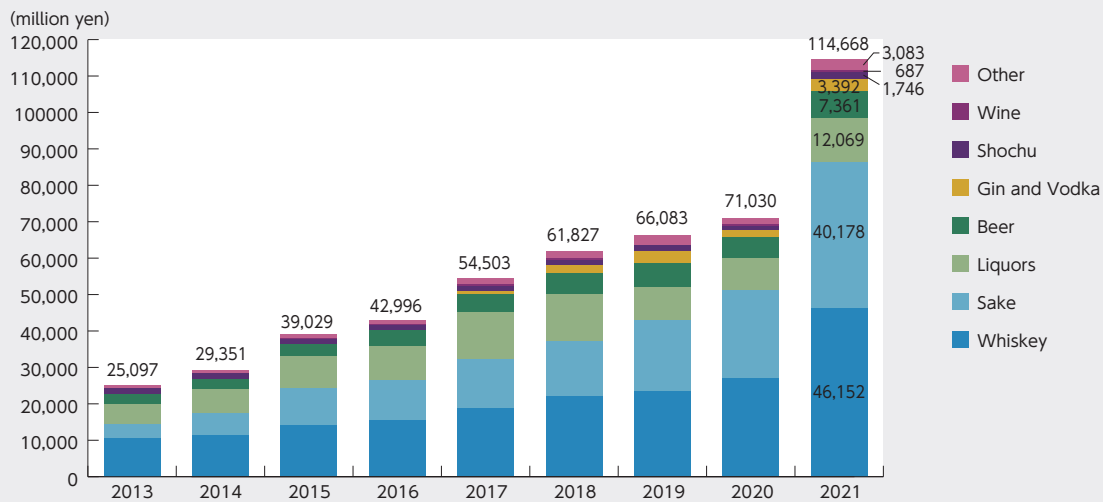
The taxable volume of liquor has declined since it peaked in FY1999, due to decreasing birthrate, accelerated aging, decreasing population, etc. Beer, in particular, has declined considerably, because of the shift of consumption from beer to low-priced liquors such as sparkling liquor, chuhai, beer-like products(so-called “new genre drinks”), etc. (Sake Report 1 (1))



(2) Situation of the Japan-made liquor exports

In 2021, Japan-produced liquor exports amounted to about 114.7 billion yen (61.4% increase over prior year), breaking the line of 100 billion yen for the first time in history. This was the 10th consecutive year in reporting the record high (Sake Report 1 (2)).

■ Trend in the export amount of liquor which made in Japan



(Source: "Foreign Trade Statistics" by the Ministry of Finance)

(3) Impact of the Covid-19 pandemic

Due to the impact of the expansion of the Covid-19 pandemic, domestic liquor consumption has further declined particularly at restaurants since April 2020.

■ Trends of domestic liquor consumption in 2021

(Rate of year-on-year increase/decrease in percentage)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Consumption at home	+15.6	+2.6	▲0.1	▲5.7	▲4.2	▲3.3	+0.1	▲8.3	▲15.3	+6.3	▲5.2	▲1.2	▲2.3
Consumption at restaurants	▲90.8	▲83.8	▲49.9	+98.2	▲6.2	▲62.2	▲52.7	▲65.5	▲82.6	▲32.9	+1.5	+143.6	▲49.2
Consumption at home and restaurants	▲28.8	▲25.5	▲10.6	▲1.3	▲4.3	▲10.3	▲7.9	▲15.0	▲24.3	▲1.8	▲4.1	+11.3	▲10.2

(Source: Average amount of consumption expenditure per household "with two-or-more-person" [in nominal terms] in the 2021 Family Income and Expenditure Survey by the Statistics Bureau, the Ministry of Internal Affairs and Communications)

2 Efforts of the NTA

~ Promotion of liquor business ~

Given the current status and challenges, the NTA is making efforts to help the domestic and overseas liquor markets expand and help them further grow and develop in a sound manner (Sake Report 3).

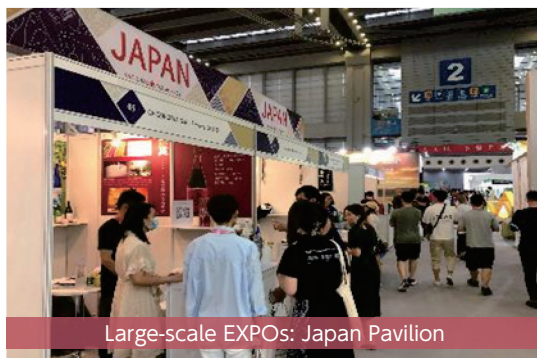
(1) Efforts for cultivating sales channels and promoting exports

In the “Implementation strategy to expand exports for agricultural, forestry and fishery products and food” (<https://www.nta.go.jp/taxes/sake/yushutsu/01.htm#a01> [in Japanese]) (decided by the Headquarters for Revitalizing Agriculture, Forestry and Fisheries, and Regions in December 2020), sake, whisky, and authentic shochu/awamori were positioned as the three priority export items in the liquor category, where the target countries, targeted export volume, etc. were set for each item. We help them raise the visibility and expand the sales channels towards the achievement of the targets for such three priority items.

a. Support for cultivating sales channels

To further expand the exports of Japan-produced liquor products, we promote three programs as an integrated package: namely, appointment of liquor export coordinators (<https://www.nta.go.jp/taxes/sake/yushutsu/coordinator/index.htm> [in Japanese]); export promotion consortium for Japan-produced liquor products; and overseas trade EXPOs centered on online events.

We also pursue other supportive measures: for instance, support for participation in overseas large EXPOs; conducting overseas market surveys (<https://www.nta.go.jp/taxes/sake/yushutsu/chosa/r03.htm> [in Japanese]), etc.



Large-scale EXPOs: Japan Pavilion



Overseas trade EXPOs

b. International promotion

To enhance the visibility of Japan-produced liquor products, we coordinated for a promotion targeting foreign media people in July 2021, coinciding the Tokyo Olympics & Paralympics 2020. Also, in December 2020, we had a promotion booth in the “Japan’s Food and Liquor” event held in Taiwan, commemorating the 10th anniversary of the recovery from the 2011 Mega Quake in East Japan.

In March 2022, we conducted a promotion event for the theme of Japanese sake and sake brewery tourism, in collaboration with Japan House in London of the UK.



PR booth for Japan-produced liquor products at the Tokyo Olympics & Paralympics 2020



Japan House in London

c. Frontier Subsidies

In FY 2020, we established “Subsidy to Assist the Structural Transformation of Liquor Business (Frontier Subsidy)” (<https://www.nta.go.jp/taxes/sake/boshujoho/hojojigyo.htm#a02> [in Japanese]) for supporting the initiatives of new features and advance nature in relation to effective use of product differentiation and diversification of sales methods. In the current year as well, we are supporting the challenges to respond to the structural issues in liquor industry as well as the challenges to solve the problems that have become apparent due to the Covid-19 impact, using the “Subsidy for the Business to Support New Market Cultivation (Frontier Subsidy).” (<https://www.nta.go.jp/taxes/sake/boshujoho/index.htm#a01> [in Japanese]) (Sake Report 3 (3) ①)

d. Implementing event promotion project to expand sales channels and stimulate consumption for Japan-produced liquor products (Enjoy SAKE! project)

(<https://www.nta.go.jp/taxes/sake/boshujoho/index.htm> [in Japanese])

Based on the “Economic Measures to Overcome the Covid-19 Pandemic and Cultivate a New Era” (Cabinet decision made in November 2021), we have implemented various model projects and information provision for expanding sales channels of liquor companies and stimulating consumption, and have conducted analyses about the demonstration effects of the foregoing. We also have developed certain model cases concerning effective undertaking methods and forms, to compensate for the large decline in consumption of liquor products due to the slump of eating-out industry resulting from the Covid-19 impact.

(2) Branding and promotion of sake brewery tourism

a. Promotion of sake brewery tourism, etc.

We created the “Subsidies for the Business Budget Supporting Overseas Deployment of Japan-Produced Liquor Products (Subsidies for Branding and Sake Brewery Tourism)” in FY2021, for supporting the proactive efforts by liquor companies. Through this, we are promoting the branding and sake brewery tourism in the whole industry. (Sake Report 3 (2) ①)

b. Expansion of the use of Geographical Indications (GI)¹

The NTA is engaged in the designation and proliferation of GI from the perspective of enhancing brand value of liquor within and outside of Japan (For the latest designation status, see the “List of GIs for liquor products” (<https://www.nta.go.jp/taxes/sake/hyoji/chiriteki.htm> [in Japanese]) on the NTA website). On that, we have held briefing sessions and seminars, produced a guidebook, conducted PR activities at six bookstores nationwide, held conferences, etc.

c. Initiatives for popularizing liquor indication rules, etc.

“Voluntary Standards Regarding the Display of Japanese Whisky” were legislated by the Japan Spirits & Liqueurs Makers Association, and they took effect in April 2021 (For the details of the voluntary standards, see the Japan Spirits & Liqueurs Makers Association website (<http://www.yoshu.or.jp> [in Japanese])). The NTA has been providing sideline support for dissemination and enlightenment for the business operators and consumers: for instance, hosting the “Japanese Whisky Symposium” (<https://www.nta.go.jp/taxes/sake/event/21.htm> [in Japanese]) in March 2022.

In addition, the NTA has done the following institutional revisions that contribute to enhancing the brand value of Japan-produced liquor products: institutional revision abolishing the regulation on coloring degree for spirits for diversifying the product scope for spirits; improvement in indication method for production timing and awards received in the “Criteria of Production Method and Quality Indication for Sake”; and revision of the “Act Concerning JAS, etc.” whereby “organic liquor category” was added to the JAS standards.

¹ Under the Geographical Indication (GI) system, in the case that the characters of a liquor product or agricultural product unique to a specific production area (quality, recognition in society, etc.) have been established, only the products that are produced within the production area and fulfill certain production standards can exclusively use the name of its production area (the name of region as a brand).

(3) International negotiations for abolition of customs duties, import restrictions, etc.

The NTA is seeking elimination of customs duties and import restrictions, protection of GI, etc. in international negotiations of EPA and others.

In the Regional Comprehensive Economic Partnership (RCEP) Agreement took effect in January 2022, Japan acquired gradual elimination of customs duties on sake, etc. from China and South Korea, with whom Japan concludes EPA for the first time.

After the accident at Fukushima Daiichi Nuclear Power Plant caused by the Great East Japan Earthquake, some export destinations introduced import restrictions. The NTA will continue to ask that these restrictions be lifted based on scientific evidence. (Sake Report 3 (2) ③)

(4) Technological assistance

a. Promotion of the spread of brewing technology, etc.

Each Regional Taxation Bureau has the Office of Analysis and Brewing Technology (including Chief Technical Officer of the Okinawa Regional Taxation Office) as its technological function to promote the spread of advanced technologies, etc., including research results of the National Research Institute of Brewing (NRIB), through activities such as giving advice and consultation to liquor manufacturers, holding competitions, research workshops, etc. and dispatching officials to seminars, appraisals, etc., held by sake-making associations, etc.

b. Initiatives to help realize the registration of sake, shochu, awamori, etc. as the UNESCO Intangible Cultural Heritage

We promote the initiatives to protect and inherit the traditional sake making technology and help realize the registration as the UNESCO Intangible Cultural Heritage for it in collaboration with the Agency for Cultural Affairs as well as with the “Preservation Society for Sake Brewing Technology Using Japanese Traditional Koji-Mold.”

The “traditional sake making” was registered as the Intangible Cultural Property in December 2021. In addition, the proposal about it was submitted to the secretariat of UNESCO in March 2022. (Sake Report 3 (3) ②)

Column 5

Initiatives to realize the registration of sake, shochu, awamori, etc. as the UNESCO Intangible Cultural Heritage

On December 2, 2021, the “traditional sake making” was registered as the Intangible Cultural Property. The Registered Intangible Cultural Property is the new system enabled by the Act Partially Revising the Act on Protection of Cultural Properties which partially took effect on June 14, 2021. Traditional sake making and calligraphy became the first registered items under this system.

There are three key elements amongst others for registering the traditional sake making as follows: ① steaming raw materials such as rice; ② producing bara-koji manually by using traditional koji mold; and ③ fermenting concurrently and adding nothing other than water.

In addition, the “Preservation Society for Sake Brewing Technology Using Japanese Traditional Koji-Mold (established on April 16, 2021)” was certified as the organization that holds the Registered Intangible Cultural Property.

Moreover, in March 2022, it was decided to propose the “traditional sake making: Japanese traditional sake making technology using koji mold” to UNESCO for Intangible Cultural Heritage, and the proposal was submitted to UNESCO thereafter. The proposal was submitted because it was considered to fall under the 3 domains, prescribed in the Convention for the Safeguarding of the Intangible Cultural Heritage, as such: ① traditional craftsmanship; ② social practices, rituals and festive events; and ③ knowledge and practices concerning nature and the universe.

The NTA promotes various measures in collaboration with the Agency for Cultural Affairs, the “Preservation Society,” mentioned above, etc., for the purpose of protecting and inheriting the traditional sake making technology as well as for realizing the registration of sake, shochu, awamori, etc. as UNESCO Intangible Cultural Heritage.

Initiative examples

○Survey on the “traditional sake making,” etc.

- Regarding the “sake making technology using traditional koji mold of Japan,” we compiled the report summarizing the cultural elements relating to sake making technology, the technology having been inherited by sake making experts and its background history, etc. The report was released in December 2021.

- We conducted a survey on three preceding case examples that were registered as the UNESCO Intangible Cultural Heritage, to be used as the reference when considering the measures to enhance the visibility of the “traditional sake making.”

○Symposia on the “traditional sake making”

Conducted symposia on the “traditional sake making” sequentially nationwide, inviting sake making experts and a variety of professionals.



A scene from the panel discussion of the symposium held on February 26

- February 26 (Saturday), 2022, at the National Museum of Nature and Science in Ueno
Conducted the event of lectures and panel discussion focusing on the koji mold culture.
- March 26 (Saturday), 2022, at the Kyoto National Museum
Conducted the event of lectures, panel discussion, etc. dedicated to Japanese sake.
- May 28 (Saturday), 2022, at the Okinawa Prefectural Museum and Art Museum
Conducted the event together with the Awamori Symposium commemorating the 50th anniversary of Okinawa’s reversion to Japan.
- June 11 (Saturday), 2022, at Fukuoka International Congress Center
Conducted the event of lectures and panel discussion dedicated to genuine shochu.

○PR video

PR video introducing the charm and history of the “traditional sake making” was created and it was released through “NTA Video Channel” on YouTube.

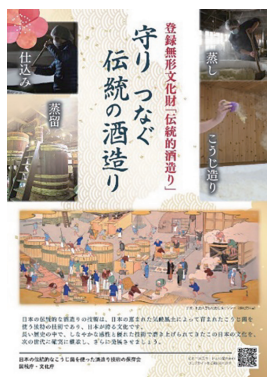


Main version (about 6 minutes) (<https://www.youtube.com/watch?v=tu2bTkko9fY> [in Japanese])



15-second version (<https://www.youtube.com/watch?v=zLJ7c1hByyM> [in Japanese])

○Poster for “traditional sake making”



We created a poster for the “traditional sake making” (Registered Intangible Cultural Property) and asked the nationwide breweries and liquor shops to display it.

○Hanging advertisement



For about one week starting on March 21 (Monday), 2022, a hung poster was deployed in the main JR lines nationwide about the “traditional sake making” (Registered Intangible Cultural Property), to announce that we are aiming to realize the registration of UNESCO Intangible Cultural Heritage for it.

c. Support in the quality and safety of liquor

With the aim of ensuring the safety of liquor in all stages from liquor production to consumption and enhancing the level of quality, we give technological assistance concerning improvement, etc. in the production process of liquor and confirm safety through actions including research and provision of information on the radioactive substances of liquor.

d. Efforts by the National Research Institute of Brewing (NRIB)

Serving as an entity to cover the technological base for the development of the liquor industry, the NRIB¹ conducts studies for increasing the brand value of Japanese liquor products, strengthening the technological base of liquor production, etc. as well as actively pursues the measures to develop personnel for the liquor industry (lectures on liquor brewing, etc.) and outreach activities. (Sake Report 3 (3) ③ (<https://www.nta.go.jp/taxes/sake/shiori-gaikyo/shiori/2022/pdf/001.pdf> [in Japanese]))

(5) Measures for small and medium enterprises (SMEs)

In order for the liquor industry, of which SMEs account for the majority, to adjust to change in the social and economic conditions properly, the NTA supports diverse efforts by the industrial associations, such as the modernization project by the Japan Sake & Shochu Makers Association.

Moreover, in coordination with related government offices and organizations, local governments and others, the NTA provides business operators and industrial associations with information on governmental measures for SMEs (consultation desks, subsidies, the tax system, financing, etc.) to promote the use of these measures.

(6) Establishment of a fair trading environment of liquor

The NTA is striving to ensure fair trading through using “The Standards for the Fair Trading of Liquor²” (<https://www.nta.go.jp/taxes/sake/koseitorihiki/mokuji.htm> [in Japanese]) for dissemination to and enlightenment for liquor companies as well as through conducting surveys on the actual situation of liquor trading. The standards were revised in March 2022 (took effect in June 2022), referencing the results of a survey conducted after the enforcement of the standards in June 2017. (Sake Report 3 (4) ③ (<https://www.nta.go.jp/taxes/sake/shiori-gaikyo/shiori/2022/pdf/001.pdf> [in Japanese]))

(7) Response to social demands

a. Promotion of resource recycling

The beer industry promotes the “Action Plan for Achieving a Low-carbon Society” which was formulated based on the “Plan for Global Warming Countermeasures” (determined by the Cabinet in October 2021). The Liquor Subcommittee under the National Tax Council conducts evaluation and verification of such endeavors. (Sake Report 3 (4) ⑥)

b. Measures to prevent those under the age of 20 from consuming alcohol

With the purpose to prevent consuming alcohol under the age of 20, in addition to preparation of educational posters and pamphlets, the NTA designates April of each year as the “Month to emphasize prevention from consuming alcohol under the age of 20,” and carries out enlightenment activities in coordination with relevant ministries and agencies, and industry associations. (Sake Report 3 (4) ⑦)

c. Measures against Health Problems Caused by Alcohol

Considering “The Basic Act on Measures against Health Problems Caused by Alcohol” (the second plan, from April 2021 to March 2026) formulated based on “The Basic Law on Measures to Prevent Damage to Health due to Alcohol” enforced in June 2014, etc., the NTA implements initiatives for preventing from consuming alcohol under the age of 20 and health problems due to alcohol in cooperation and coordination with relevant ministries and agencies as well as associations in the liquor industry.

Regarding other initiatives of the NTA, please refer to the “Sake no Shiori (the bookmark of liquor)” (<https://www.nta.go.jp/taxes/sake/shiori-gaikyo/shiori/01.htm> [in Japanese]) (March 2022) on the NTA website.



Sake no Shiori (the bookmark of liquor)

1 The NRIB’s missions during the “the fifth term of the medium-term objective period” from FY2021 to FY2025 is (1) to strive to develop the liquor industry, (2) to strive for the appropriate application of liquor tax laws, and (3) to make efforts as the national center for liquor, and they conduct various duties based on these missions.

2 These standards need to be complied with by all liquor companies (production, wholesale, and retail) to ensure fair transactions for liquor products. They require the following: ① it is not allowed to sell liquor products at a price lower than the total costs of sale on a continuous basis without a justifiable reason; and ② it is not allowed to execute a deal that might be significantly detrimental to the own liquor business or to the liquor business of other liquor companies.