

## ~ Taking various measures for the development of liquor business ~

Liquor products are important for fiscal management in that liquor tax is imposed on them. Since stable tax revenues can be expected from liquor products, they play an important role in the fiscal policy of the Japanese government.

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. (Please also reference the “Sake no Shiori(the bookmark of liquor)” uploaded to the NTA website for the initiatives by the NTA.)



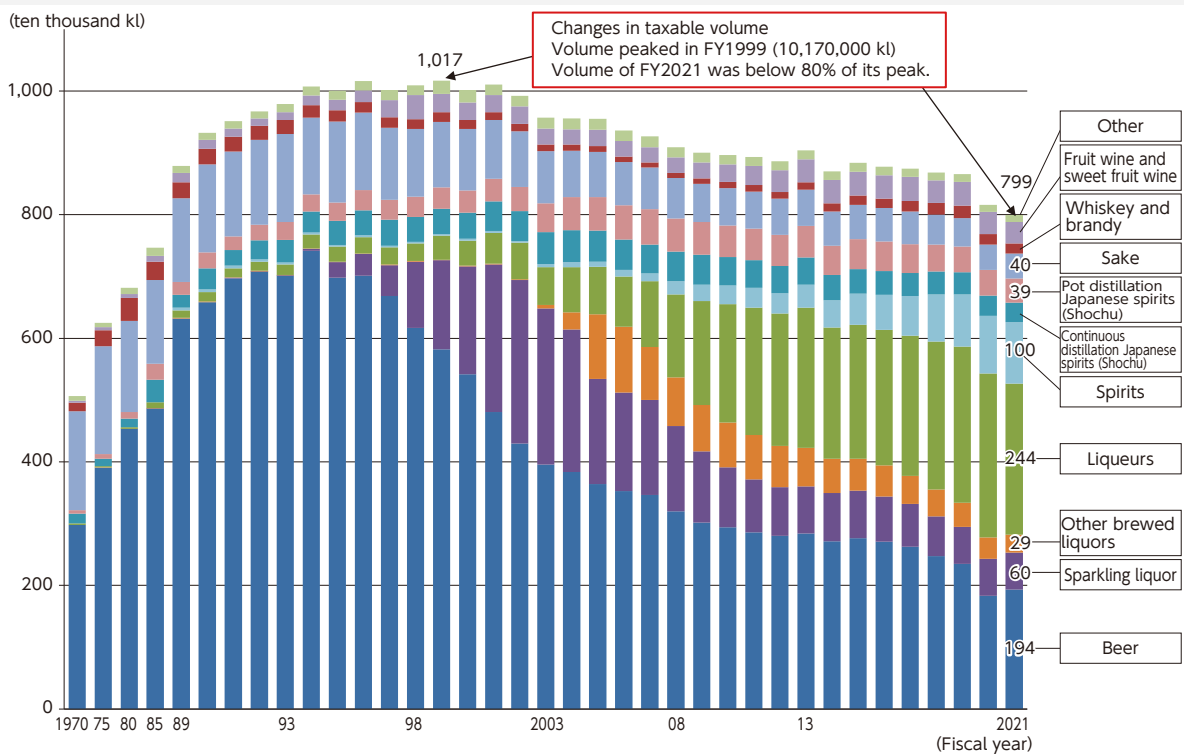
“Sake no Shiori”

## 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, and population decrease, etc. Beer, in particular, has declined considerably, because of the shift of consumption from beer to low-priced liquors such as sparkling liquor and chuhai.

#### Changes in taxable volume

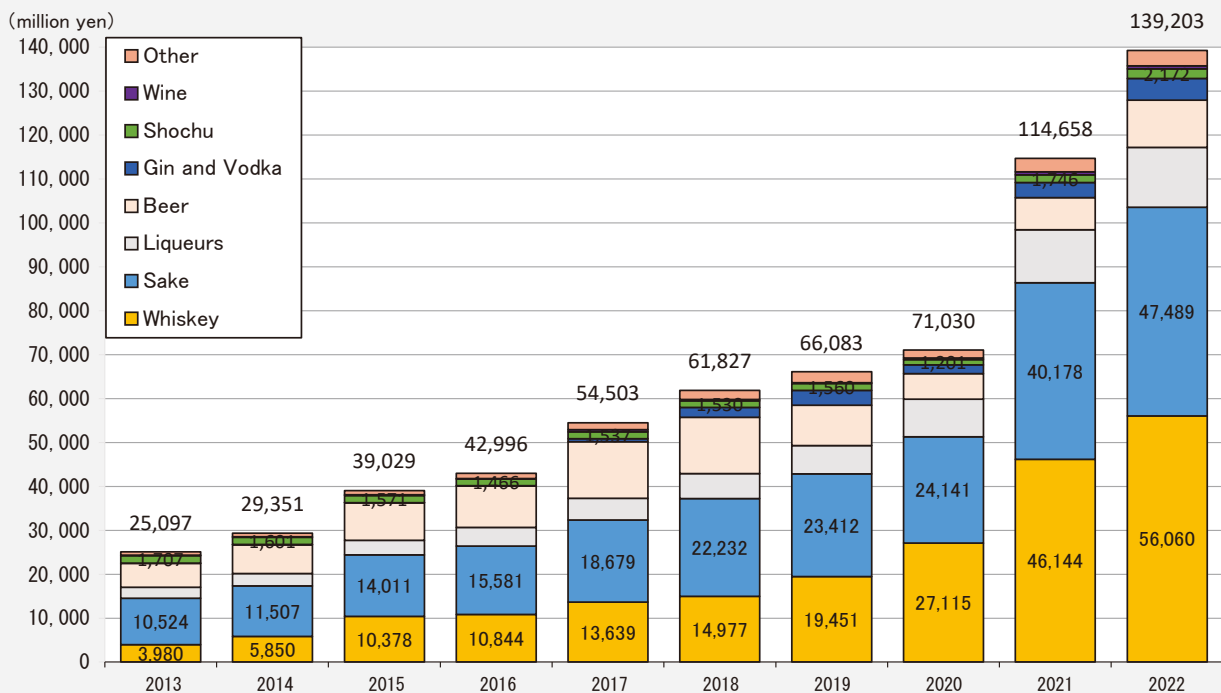


※ “Other” included “Spirits” in 1985 and before.  
Source: National Tax Agency Annual Statistics Report

## (2) Situation of the Japan-made liquor exports

In 2022, Japan-produced liquor exports amounted to about 139.2 billion yen (21.4% increase over prior year), showing a continued high performance following 2021 when 100 billion yen line had been exceeded for the first time in history.

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



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

## 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 overseas markets (export promotion)

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 exhibited Japan-produced liquor products at a Japan pavilion in large-scale overseas trade EXPOs. Also, we held trade fairs with certain overseas buyers that had been cultivated through liquor export coordinators.

## b. Enhancing visibility

We implemented promotion for Japan-produced liquor products at the Japan House and invited liquor specialists, sake breweries, media, influencers, and consumers to experience the different types of sake and deepen their understanding towards sake.

In addition, using the “Subsidies for the business budget supporting overseas deployment of Japan-produced liquor products (Subsidies for overseas deployment and sake brewery tourism),” we are supporting the initiatives by sake business operators, in terms of making tourist spots based on sake breweries and creating sake brewery tourism plans.

## c. Support for creating higher values for and differentiation of products using subsidies

Using the “Subsidies for the business budget supporting overseas deployment of Japan-produced liquor products (Subsidies for overseas deployment and sake brewery tourism)” (reposted), we are supporting the initiatives by liquor business operators, in terms of creating higher values for Japan-produced liquor products.

In addition, using the “Subsidies for the business budget supporting new market cultivation (Frontier subsidies),” we are supporting the aggressive initiatives by liquor business operators to cultivate new markets whether domestic or overseas, for helping resolve their structural challenges (decline in domestic demand, etc.).

## d. Expanding usage of Geographical Indications (GI)<sup>1</sup> to enhance brand value

We are engaged in designating and expanding usage of GI for it, from the perspective of enhancing brand value of liquor products within and outside Japan (For the latest designation status, see the “List of GIs for liquor products” on the NTA website). On that, we are producing pamphlets and coordinating for relevant events such as seminars.

## e. Authorization of liquor product associations based on the Export Promotion Act

Based on the Export Promotion Act, in December 2022, we authorized the Japan Sake & Shochu Makers Association as a “liquor product association” for sake, authentic shochu and awamori.

## f. International negotiations for abolishing tariffs and import restrictions

To further improve the export environment for Japanese liquor business operators, we are discussing the following through international negotiation: abolishment of tariffs and import restrictions; protection of GIs; and efforts toward the mutual equivalency recognition of organic alcohol beverages.

Also, regarding the import restrictions imposed by certain countries on Japan-produced goods following the nuclear power plant accident at TEPCO Fukushima Dai-ichi due to the Tohoku Mega Quake, we will keep requesting the relevant governments to abolish those restrictions.

## (2) Efforts to inscription of Japanese sake, shochu, and awamori, etc. on the Representative List of the Intangible Cultural Heritage of Humanity of UNESCO.

We are making efforts for protection and inheritance of the traditional sake-making tech concerning Japanese sake, etc. as well as toward the inscription of the Representative List of the Intangible Cultural Heritage of Humanity of UNESCO, through collaboration with the Agency for Cultural Affairs, the “Preservation Society of Japanese Koji-based Sake making Craftsmanship,” etc.

In December 2021, this was registered in the name of “Traditional knowledge and skills of sake-making with koji mold in japan” with the Registered Intangible Cultural Property. After that, it was proposed to UNESCO in March 2022. (It was re-proposed in March 2023.)

<sup>1</sup> 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 fulfills certain production standards can exclusively use the name of its production area (the name of region as a brand).

### (3) 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)<sup>1</sup>, 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. 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.

#### c. 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 NRIB 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.

### (4) 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.

### (5) 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 Liquor<sup>2</sup>” (<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.

### (6) 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.

<sup>1</sup> 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.

<sup>2</sup> 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.

**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.

**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.