Japan is a wine consuming as well as producing country. Japanese wine production still only has a brief history, starting about 140 years ago with the establishment of the first domestic Japanese wine company in the 1870s. Today, Wine is produced all over Japan and there are about 300 wineries in Japan, with the major production areas being Yamanashi, Hokkaido and Nagano.

Recently, total wine consumption in Japan has exceeded 3 million hl, although consumption per capita remains relatively low at 3.5 liters per year, compared to the majority of member states of the EU.

In this study, we analyze recent development of wine production and legislation, in the context of recent appearance of « Japanese wine » produced in Japan from the domestically-grown grapes, which is distinguished from « wine fermented in Japan » made from imported grape juice or must.

The National Tax Agency introduced new rules in 2015 in order to distinguish these types of domestically produced wine. The new rules and standard become effective in October 2018, also regulating wine labeling such as the name of vine variety, vintage and geographical designation.

As a member state of the WTO, Japan has the national system of geographical indication (GI) and currently only one wine geographical indication « Yamanashi » which was registered by the national tax agency in July 2013. In order to use the geographical designation that has become legally protected, the respective producers have been obliged to comply with the product specification rules. This legal system is considered to contribute to an improvement of the quality of Japanese wine by protecting the interests of wine makers and consumers.

Consumption and Production in Japan

In Japan, wine consumption started around the time of the Tokyo Olympics in 1964 as food became Westernized, although Japanese people consumed mainly sweet wine with added sugar. In 1998, Japan experienced a sharp increase in wine consumption, labelled as the “red wine (polyphenol) boom”, an explanation for which was based on the famous the French paradox hypothesis. After a temporary stagnation in the 2000’s and the Fukushima nuclear disaster in 2011, the annual wine consumption reached 3,7 million hl in 2015. Chilean vintners have emerged as the biggest beneficiary of Japan’s booming wine market. Their low-priced, fruit-driven products have found a receptive niche among Japanese consumers,
although the annual wine consumption per capita is still low as aforementioned, at approximately 3 liters, or 4 bottles per year.

Of the total quantity of wine produced in Japan, more than 80% is produced from imported grape juice or must, and only 19.4% is produced in Japan from the domestically-grown grapes. In Japan, wine production largely is concentrated to five large wine companies, which occupy around 80% of the market share: Kirin (Mercian), Suntory, Kikkoman (Manns Wine), Sapporo and Asahi. More than 90% of wine produced by these companies is made from imported ingredients. Other producers, which are small and medium-size wineries, produce mainly « Japan Wine » from the domestically-grown grapes.

Legal classification of wine

On 30th October 2015, the National Tax Agency introduced the official standards for wines, “Labeling Standard for Manufacturing Process and Quality of Wine”, with the legal definition for « Japanese wine » to be produced only by domestically produced grapes. This National Standard has an objective to raise the international recognition of « Japan Wine » and to offer a more transparent choice for the consumers. After three years of transition period, the new standards will enter into force on 30th October 2018.

With this new labeling standard, only « Japanese wine » will be able to indicate its provenance, grape varieties and vintage year. In order to indicate the place of origin (i.e. Kyoto Wine, Kyoto etc...), including the place of harvest, the wine must be made from at least 85% locally grown grape contents and be produced in that place. If the wine uses grapes harvested in Kyoto Prefecture but produced in Osaka Prefecture, the label can indicate « Wine produced from grapes harvested in Kyoto », but not « Kyoto Wine ».

This new requirement troubled some of the producers since the names of their products included geographical indications. Among them is Takeda Winery in the city of Kaminoyama, Yamagata Prefecture, whose pillar products included the « Zaō Star » series, which utilized the geographical name of Zaō mountain range. In the « Zaō Star » series, white and rosé wines meet the new requirement, but red wine does not, as they also use the fruits from Tendō, another city in Yamagata, located somewhat distantly from Zaō. Finally, the winery decided to use Takeda Winery Rouge for the series.

The National Tax Agency also issued, on 30th October 2015, the “Notice on Establishing Indication Standards Concerning Geographical Indications for Liquor”, in order to clarify the process of registering the geographical indications. When making a designation of geographical indication, the National Tax Agency shall notify the matter through official gazettes to seek opinions from the public.

At the moment, only « Yamanashi » is designated as an official geographical indication, where its product specification was modified in 2017. To use the geographical indication «Yamanashi», the wine should be produced from grapes harvested in Yamanashi prefecture,
and fermented and bottled in the same prefecture. The wine can use not only Japanese grape varieties such as Koshu, Muscut Bailey A, Black Queen, Kai Noir but also the *vitis vinifera* i.e. Merlot, Cabernet Sauvignon, Pinot Noir, Chardonnay, Sauvignon Blanc, etc. A sensory test is compulsory. As a result of the EU-Japan Economic Partnership Agreement (EPA), geographical indications for liquor will be protected in the EU member states.

There is a geographical indication law in Japan that recognizes GI protection for agricultural products which does not cover the alcoholic beverages being *sui generis*. This law, which entered into force in June 2015, protects the interests of producers through the establishment of an official system that enhance the value of the products as GI, thereby contributing to the development of the agricultural, forestry and fishery industries as well as to ensure the interests of consumers.

**Conclusion**

It is expected that the 2020 Tokyo Olympic Paralympic Games will accelerate the reputation and popularity of « Japan Wine ». The number of wineries and the vine planted areas are increasing every year. The new labeling standard can make a contribution to sound development of Japanese wine industry, offering necessary information to consumers. However, this standard has no concern with quality of wine, in contrast to GI system which requires the product specification and protect the interests of producers against possible misuse and infringement. In order to improve the product quality of « Japan Wine », it is highly desirable to make full use of GI system.

Keywords: Wine Market, Wine Law, Japanese Wine, Geographical Indication