

## ～ 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, we are striving to promote the growth of the liquor industry, through enhancing domestic and overseas visibility as well as providing 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.)



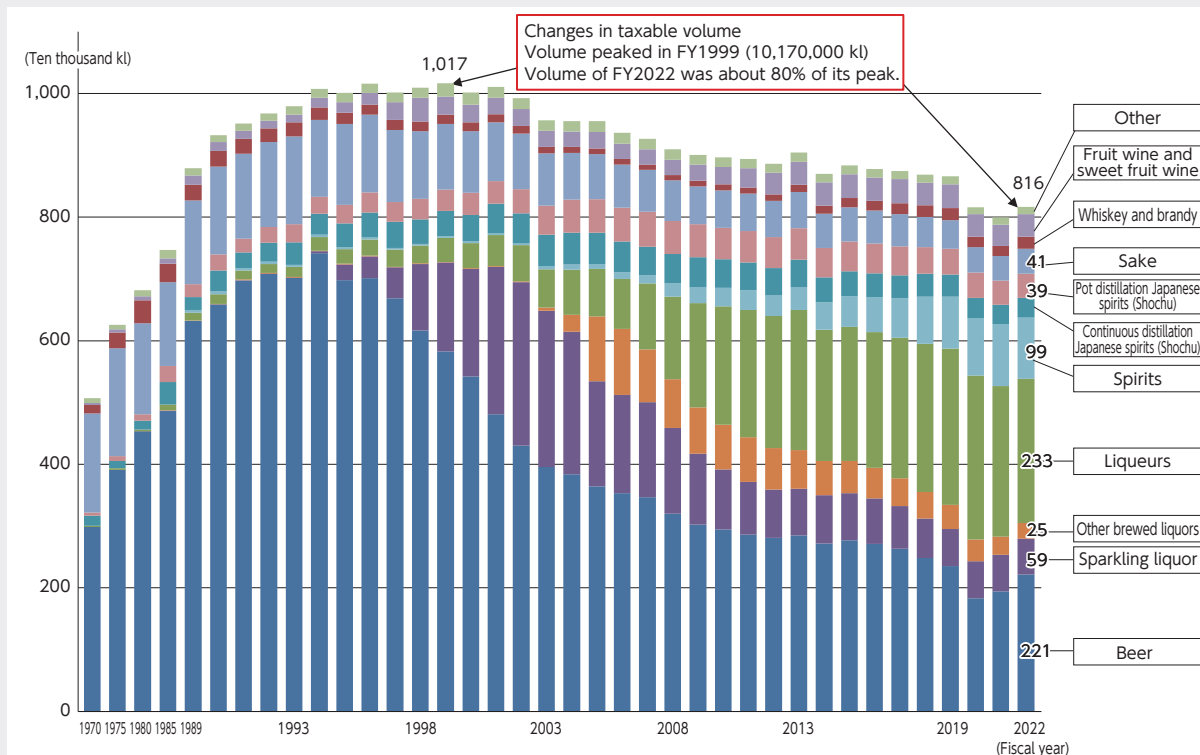
Sake no Shiori  
[in Japanese]

## 1 Situation of Liquor Industry

### (1) Situation of domestic market

The taxable volume of liquor has shown a declining trend since it peaked in FY1999, due to decreasing birthrate, accelerated aging, 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



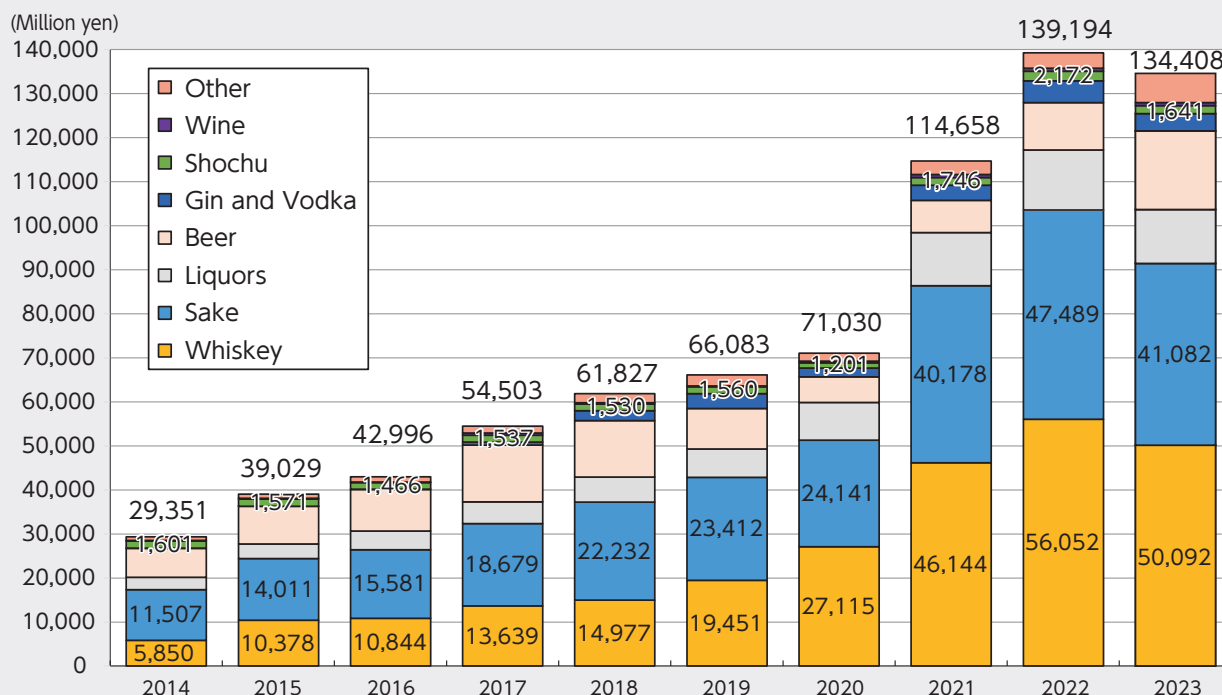
※“Other” includes “Spirits” in 1985 and before.

(Source: National Tax Agency Annual Statistics Report)

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

In 2023, Japan-produced liquor exports amounted to 134.4 billion yen (3.4% decrease over prior year), showing a high performance, second only to 2022 when historic peak was recorded.

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



Source: "Foreign Trade Statistics" by the Ministry of Finance (2023 figures were compiled using the data as of March 13, 2024)

## 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.

### (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 Ensuring Stable Food Supply and Revitalizing the Base of Agriculture, Forestry and Fisheries in December 2023), sake (refined sake), whisky, and authentic shochu/awamori are positioned as the three priority export items in the liquor category, where the target countries, targeted export volume, etc. are set for each item. We help them raise the visibility and expand the sales channels towards the achievement of the targets for Japan-produced liquor products such as the 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 leveraging the liquor export coordinators (<https://www.nta.go.jp/taxes/sake/yushutsu/coordinator/index.htm> [in Japanese]) assigned in overseas markets.

## b. Enhancing visibility

We implemented promotion for Japan-produced liquor products at the Japan House and invited overseas liquor specialists to sake breweries.

## c. Subsidies for liquor business operators

We are supporting liquor business operators by granting subsidies to them(<https://www.nta.go.jp/taxes/sake/boshujoho/hojojigyo.htm#a01>[in Japanese]) for their proactive efforts to pursue international business deployment and cultivate new markets whether domestic or overseas (for instance, branding for Japan-produced liquor products, cultivation of overseas demand through inbound promotion, etc.), for the purpose of expanding exports for Japan-produced liquor products, ensuring management reform and structural conversion for the liquor business, and promoting sound growth of the liquor business.

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

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



List of Geographical Indications for liquor products [in Japanese]

## e. Authorization of liquor product associations<sup>2</sup> 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 approval for organic alcohol beverages.

Note that 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.

Also, regarding the draft regulations that foreign countries and regions plan to introduce, we take necessary action not to have them become new obstacles against export of Japan-produced liquor products.

## (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).

<sup>2</sup> Based on the Act on Facilitating the Export of Agricultural, Forestry, and Fishery Products and Food, for each priority export item, the government certifies the following corporation upon receipt of an application from it as a “certified organization that facilitates the export of agricultural, forestry, and fishery products and food”: corporation that promotes exports through collaboration with related entities from production to sales. “Item Organization” is a common name for “organization that facilitates the export of agricultural, forestry, and fishery products and food.”

### (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 in response to technical inquiries and other inquiries from 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)

In the “5th target period” spanning from FY2021 to FY2025, NRIB is making ① the efforts to make the liquor industry further prosperous; ② the efforts to ensure the adequate operation for the Liquor Tax Act etc.; ③ the efforts as a national center for liquor products. Specifically, it is proactively implementing various operations, such as conducting studies for increasing the brand value of Japanese liquor products, strengthening the technological base of liquor production, etc., pursuing 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

Regarding the “Standards for the Fair Trading of Liquor<sup>2</sup>” (<https://www.nta.go.jp/taxes/sake/koseitorihiki/mokuji.htm> [in Japanese]) that took effect in June 2017, based on the problems that came to light after the enforcement of the standards, the NTA revised them in March 2022 (took effect in June 2022), in accordance with the Act on Securing of Liquor Tax and on Liquor Business Associations. Thereafter, we have been disseminating the institutional content of the revision and pursuing relevant enlightenment activities; and have been striving to ensure fair trading in collaboration with the Japan Fair Trade Commission, too.

### (6) Response to social demands

#### a. Promotion of resource recycling

The beer industry promotes the “Action Plan for Achieving a Low-carbon Society (Carbon Neutrality Action Plan)” 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.

1 The NRIB is Japan's only research institute on liquor products. As a technological base for performing the missions of the NTA, it is carrying out the following: conduct advanced analysis and appraisal concerning liquor products; perform research and investigation tasks about liquor products and the liquor industry, and provide relevant information.

2 These standards need to be complied with by all liquor companies (production, wholesale, and retail) to ensure fair transactions for liquor products. In other words: 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. Note that it is prescribed that the fair trade standards need to be reviewed approximately every five years and that when recognized necessary, they need to be revised.

**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 Plan for Promoting Measures against Health Problems Caused by Alcohol” (the second plan, from April 2021 to March 2026) formulated based on the “Basic Act on Measures to Prevent Damage to Health due to Alcohol” enforced in June 2014 and the “Guidelines on Drinking Paying Attention to Health” prepared by the Ministry of Health, Labour and Welfare in February 2024, etc., the NTA implements initiatives for preventing occurrence of health problems due to alcohol in cooperation and coordination with relevant ministries and agencies as well as associations in the liquor industry.