



EUROPEAN BUSINESS COUNCIL IN JAPAN  
THE EUROPEAN (EU) CHAMBER OF COMMERCE IN JAPAN

# LIQUOR

ISSUES AND RECOMMENDATIONS



**TRACEABILITY**

# Traceability

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## YEARLY STATUS REPORT: Minimal Progress

- ❑ Lot codes (traceability information) fulfil an important role in any effective and efficient product recall or withdrawal process.
- ❑ In the case of a serious health threat, delays to such processes could endanger consumers: a rapid, targeted and efficient response is vital in order to protect them and preserve their confidence in the supply chain.
- ❑ In September 2014, the National Tax Agency (NTA) issued a notice to eight liquor industry organisations emphasising the importance of lot codes.

# Traceability

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## YEARLY STATUS REPORT: Minimal Progress

- ❑ In addition, the NTA included these concerns in its liquor sales management training material in April 2017, and in July 2017, METI, MHLW, and MAFF issued a similar notice to 28 organisations that engage in sales and distribution of liquor.
- ❑ However, whilst these steps are significant, the notices and training have no binding force to prohibit the import and sales of any such products with lot codes that have been erased, tampered with or covered up.



# Traceability

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## RECOMMENDATION

- ❑ The Government of Japan should issue legislation, reinforced by penalties, that forbids the wholesale or retail of liquor bottles whose lot codes have been erased, tampered with or covered up.

A close-up photograph of a glass filled with a golden-brown liquid, likely whiskey or brandy. The glass is tilted, and the liquid is in motion, creating a dynamic splash of water above the rim. The background is a soft, out-of-focus white. The text is overlaid on a semi-transparent white banner across the middle of the image.

# **TARIFFS ON WINE AND WHITE SPIRITS**

# Tariffs on Wine and White Spirits

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## YEARLY STATUS REPORT: Good Progress

- Tariffs on wine will be abolished at the entry into force of the EU-Japan EPA. The temporary zero tariff on white spirits, rum, gin, vodka and liqueurs should be made permanent.

## RECOMMENDATIONS

- The EBC urges Japan to completely remove all tariffs on wine as anticipated.
- The EBC urges Japan to change the tariff lines for white spirits to become permanently zero.



A photograph of a glass of beer with a thick head of foam, sitting on a wooden table. The beer is dark brown, and the foam is white and frothy. The background is blurred, showing more of the wooden table and a dark area. The text "LIQUOR TAX" is overlaid in the center of the image.

# LIQUOR TAX

# Liquor Tax

## YEARLY STATUS REPORT: Partial Progress

- ❑ Under the 2017 tax reform, Japan will reduce the tax on beer and increase the taxes on *happoshu* and “new genre” beverages in three phases (in 2020, 2023, and 2026), ultimately to 157 yen/litre.
- ❑ However, taxes on wine will be raised in two phases (in 2020 and 2023), making it equal to the reduced tax rate for sake, at 100 yen/litre.
- ❑ Taxes on spirits, not subject to the upcoming tax hikes, are high at 370 yen/litre if less than 37% ABV plus an additional 10 yen/litre for each additional percentage of ABV.

# Liquor Tax

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## RECOMMENDATIONS

- Japan should promptly revise its liquor tax system for beer in accordance with the 2017 tax reform.
- The EBC objects to the increase in the tax on wine and urges Japan to reduce taxes on spirits.





# **ADDITIVES**

# Additives

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## YEARLY STATUS REPORT: Good Progress

- ❑ Wine additives were approved in the EPA negotiations (25 items by Japan and 28 items by the EU), making it possible for Japan to import wines that use EU-approved additives.

## RECOMMENDATION

- ❑ Japan should swiftly approve additives that are in common use among other industrialised countries.





# **WINE DEFINITION**

# Wine Definition

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## YEARLY STATUS REPORT: Progress

- A labeling standard for Japanese wine was established in October 2015.
- Improvements have been made to the definition of wine.
- A loose wine definition opens the door for different products to be sold as “wine” misleading Japanese consumers and creating unfair competition for European wines, which meet the international accepted definition.

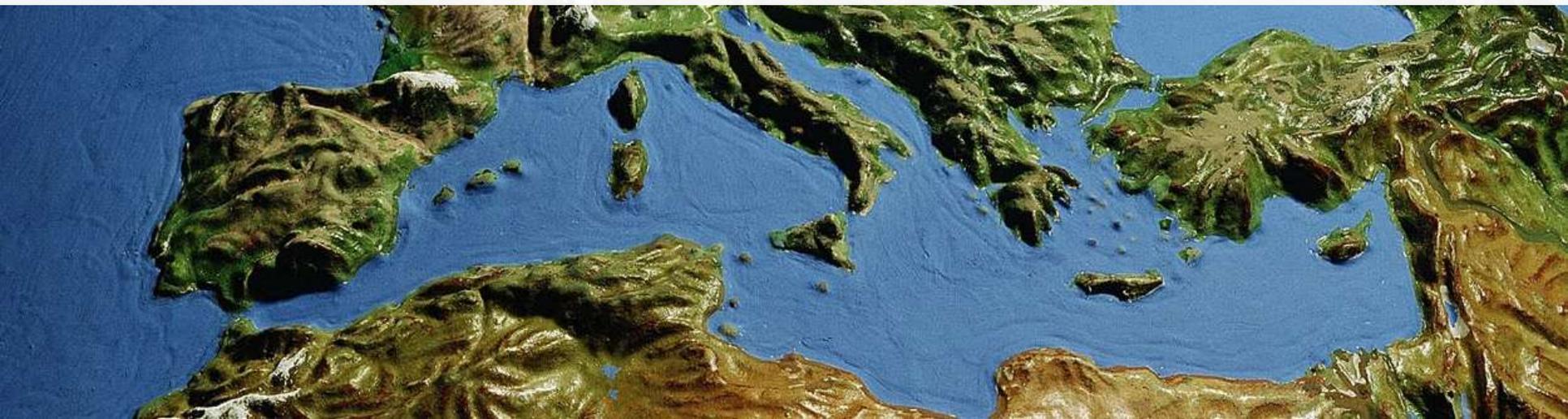
## RECOMMENDATION

- Japan should implement the wine definition in conformity with international specifications as used in the EU and the US and endorsed by the International Federation of Wines and Spirits.





# **GEOGRAPHICAL INDICATORS**



# Geographical Indicators

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## YEARLY STATUS REPORT: Good Progress

- ❑ The mutual protection of GIs agreed upon through the EU-Japan EPA will ensure protection of geographical indications for 139 liquor products from the EU.

## RECOMMENDATION

- ❑ The EBC urges and looks forward to the smooth implementation of the EU-Japan EPA.

