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Japanese *Sake* Export and *Sakamai* Production

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INTRODUCTION

Japanese *Sake* (rice wine) is the traditional Japanese beverage made from rice. It is considered as one of the most popular beverages in Japanese food culture. It is now enjoyed all over the world because of its good flavor and taste especially if it is served together with other Japanese foods (*Washoku*). It represents the spread of Japanese food culture, and also triggered the development of an agricultural growth strategy initiated by the Shinzo Abe administration.

The Japanese government targets that the export value of agricultural, forest and marine products will reach one trillion JPY by 2020 (750 billion JPY in 2016)¹. The foreign market may become more important for Japan's agriculture because domestic consumption is expected to shrink in the future due to the aging society and depopulation. *Sake* is one of the most attractive products for Japan's export strategy because its consumption in foreign countries should expand in the future. In fact, the export amount of *sake* has been found to be increasing. Moreover, the increase in *sake* exports could activate the local economy and its further development has a high priority in the present administration. Not only would it stimulate the expansion of rice farming which suffers from the decline in commodity price and the reduction in production amount, through production of *Sakamai* which is rice for brewing sake, but it would also activate the *sake* brewing industry, resulting in the increase in employment opportunities in local areas.

In this article, I will summarize and translate two documents of the Ministry of Agriculture, Forestry and Fisheries (MAFF), "Circumstance Surrounding *Sake*" and "Result of Demand Survey on the Suitable Rice for *Sake*" which were published in 2017². This translation is not the official publication of the MAFF.

TRANSLATION

¹ If you wish to know in detail, refer to the MAFF's website (<http://www.maff.go.jp/j/press/shokusan/kaigai/attach/pdf/170210-1.pdf>) (in Japanese).

² If you wish to read by original language, refer to the MAFF's website (http://www.maff.go.jp/j/seisaku_tokatu/kikaku/pdf/sake_meguzi_2910.pdf) (http://www.maff.go.jp/j/seisaku_tokatu/kikaku/pdf/29sake_chousa01.pdf) (both in Japanese).

Circumstance surrounding sake

October 2017

Crop Production Bureau, Ministry of Agriculture, Forestry and Fisheries

- The total shipment of alcoholic beverages is slightly decreasing because of the change in consumer preferences, while the composition of varieties is changing. Liqueur such as *chuhai*³, fruit wine and whisky are increasing while *sake* and beer are decreasing.
- The domestic shipment of *sake* exceeded 1.7 million liters at the peak period, but it has decreased below 0.6 million liters recently because of the competition with other alcoholic beverages. On the other hand, the shipment of the specific named *sake* (*Ginjo*, *Junmai*, *Honjozo*, etc)⁴ is increasing because consumer preference is changing from quantity to quality (Fig. 1).

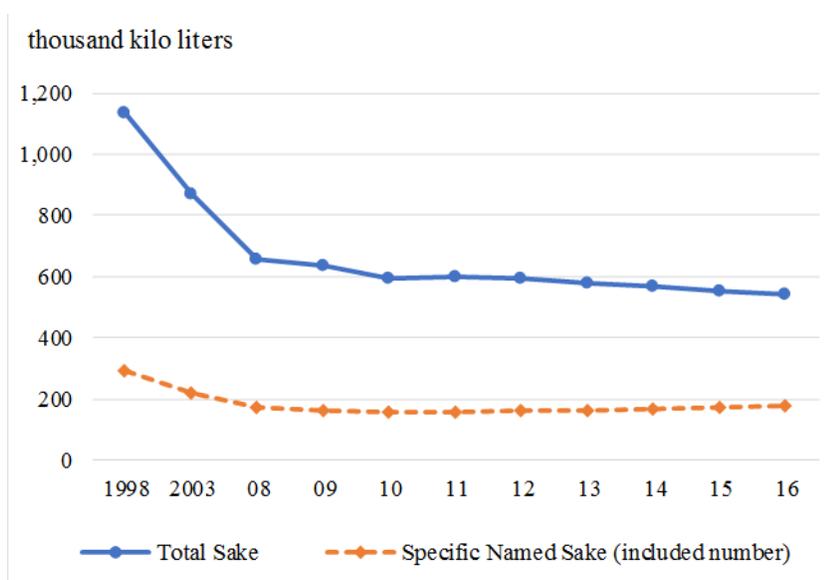


Fig. 1. Trends in the domestic shipment of sake

Source: The Japan's Central Union of Sake Brewers.

- MAFF decided that the export shipment of rice and rice processed products including *sake* will be raised to 60 billion JPY by 2020 in “Export Strategy for Agricultural, Forest and Marine Products and Foods by Countries and Commodities (August 2013)”⁵. The Shinzo Abe administration decided that the target year was changed to 2019 and the expansion of

³ *Chuhai* is low alcohol drinks which are made by adding non-alcohol beverages to distilled spirits. *Shochu* which is the traditional Japanese distilled spirits made by potato, barely and rice is usually used as basic alcohol beverages for *Chuhai*.

⁴ *Sake* can be categorized into eight types of the specific named *sake* other than general *sake* by materials, the percentage of milled rice, the percentage of rice-malt and flavors, which include *Ginjo*, *Dai-ginjo*, *Junmai*, *Junmai-ginjo*, *Junmai-dai-ginjo*, *Tokubetsu-junmai*, *Honjozo* and *Tokubetsu-honjozo*. If you wish to know in detail, refer to the website of the National Tax Agency (<https://www.nta.go.jp/shiraberu/senmonjoho/sake/hyoji/seishu/gaiyo/02.htm>) (in Japanese).

⁵ If you wish to know in detail, refer to the MAFF's website (<http://www.maff.go.jp/e/export/kikaku/pdf/senryakuhontai.pdf>) (in Japanese).

export is promoted through the cooperation of all public and private sectors in “Economic Policy of Realizing Investments for Future (August 2016)”⁶. The export value in 2016 was 2.21 billion JPY (9.9% increase from the previous year).

- The export shipment has been increasing recently due to the spread of Japanese foods which reached 19,737 kilo liters in 2016. It has doubled in 10 years. The export shipment occupies 3.5% of the total shipment. The export value firstly reached 10 billion JPY in 2013 and 15.6 billion JPY in 2016. It has tripled in 10 years. *Sake* was exported to 66 countries in 2016. Five countries and regions, the US, South Korea, Chinese Taipei, China and Hong Kong, covered about 70% of the total shipment and value (Fig. 2). The average export price per liter was 789 JPY. Hong Kong (1,401 JPY) and the US (1,017 JPY) exceeded the average price while the export value to China (759 JPY), Chinese Taipei (444 JPY) and South Korea (423 JPY) is below average.

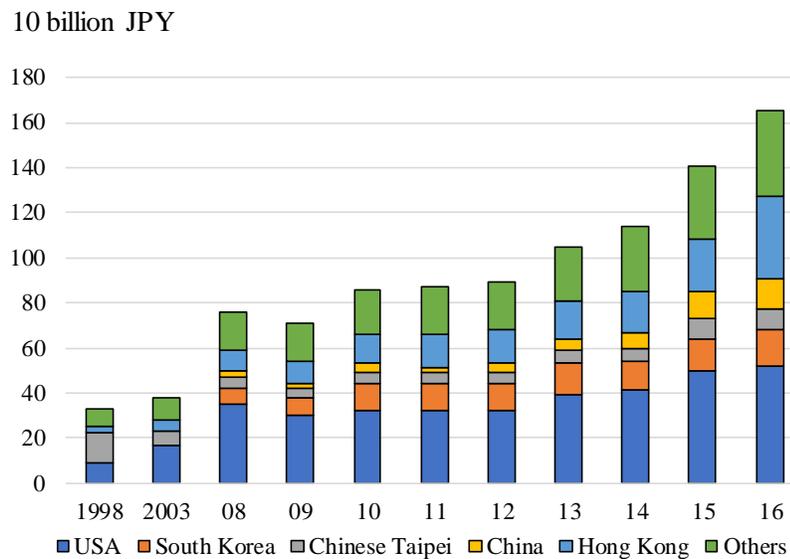


Fig. 2. Trend in the export value of *sake*

Source: The Ministry of Finance.

- Rice material for *sake* is called “*Sakamai*,” which consists of general and special types of rice. Special types of rice called as “suitable rice for *sake*” such as *Yamadanishiki* and *Gohyakumangoku* are produced by contract farming between brewers and farmers. About 250,000 metric tons of rice were used for brewing *sake* in 2015. The amount used for brewing *sake* is increasing because the amount of the specific *sake* which uses more rice per product is also increasing.
- The production amount of the suitable rice for *sake* in 2016 was about 100,000 metric tons. Five prefectures, Hyogo, Niigata, Nagano, Okayama and Toyama, occupied about 60% of

⁶ If you wish to know in detail, refer to the website of the Prime Minister of Japan and His Cabinet (http://www.kantei.go.jp/jp/singi/keizaisaisei/pdf/keizaitaisaku_honbun_160802.pdf) (in Japanese).

the total production. *Yamadanishiki* and *Gohyakumangoku* is so popular among *sake* brewers that they occupied about 60% of the total production.

- The price of the suitable rice for *sake* tends to be more expensive than rice for staple food, because there is high demand in the market while difficulties of cultivation result in low yield (Fig. 3). Since 2014, the increase in the amount of suitable rice for *sake* has been excluded from the subject of rice production adjustment policy in order to cope with the demand of *sake* brewers. After that, the supply of the suitable rice for *sake* has increased because the planted areas have increased drastically due to the conversion from rice for staple food affected by its low price, and in 2015 harvest was good. There was a decrease in the price of sake which was found to be bland or inferior in taste. It is necessary to share appropriate supply-demand information and produce appropriately corresponding to the market demand.

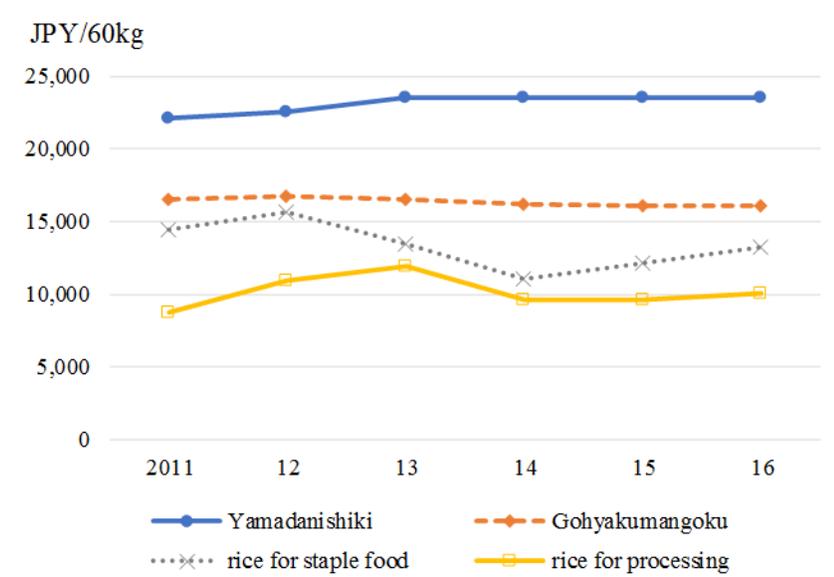


Fig. 3. Trends in the price of material rice

Source: The MAFF.

Result of Demand Survey on the Suitable Rice for *Sake*

October 2017

Crop Production Bureau, Ministry of Agriculture, Forestry and Fisheries

- The MAFF surveyed 1,442 companies in July 2017, which covered all companies brewing *sake* in Japan's 811 companies, about 80% of survey subjects responded and 689 companies continuously responded from 2016.
- The demand expectation for a suitable rice for *sake* in 2018 is about 80,000 metric tons and this amount is equivalent to 2017. It is estimated from the last survey that respondents of this survey represent 83-85% of the demand amount. So, the total demand amount in each year from 2015 to 2018 can be estimated at 94,000-100,000 metric tons. The production in 2016

and 2017 decreased, because *sake* brewers purchased much rice in 2015 which made them adjust the stock amount. The demand amount of rice for processing in 2018 is estimated at about 80,000 metric tons and it is almost equivalent to the suitable rice for *sake*.

- The production of the suitable rice for *sake* (inspected by official agencies) in 2017 has increased by 21% from 2016 when it was estimated that the supply roughly met the demand of brewers. The production in 2018 will decrease compared to 2017, but it will exceed 2016 by 15%.
- The supply exceeded the demand by 80,000-100,000 metric tons in 2016. The supply-demand balance in 2017 will be estimated after January 2018 when the production in 2017 could be revealed to some extent, but the supply in 2016 needs to be reduced by 10% compared to 2016 in order to balance the supply and demand. This is why the production in 2018 should be reduced by 10% compared to 2016 in order to produce appropriate amount to meet the market demand (Fig. 4).

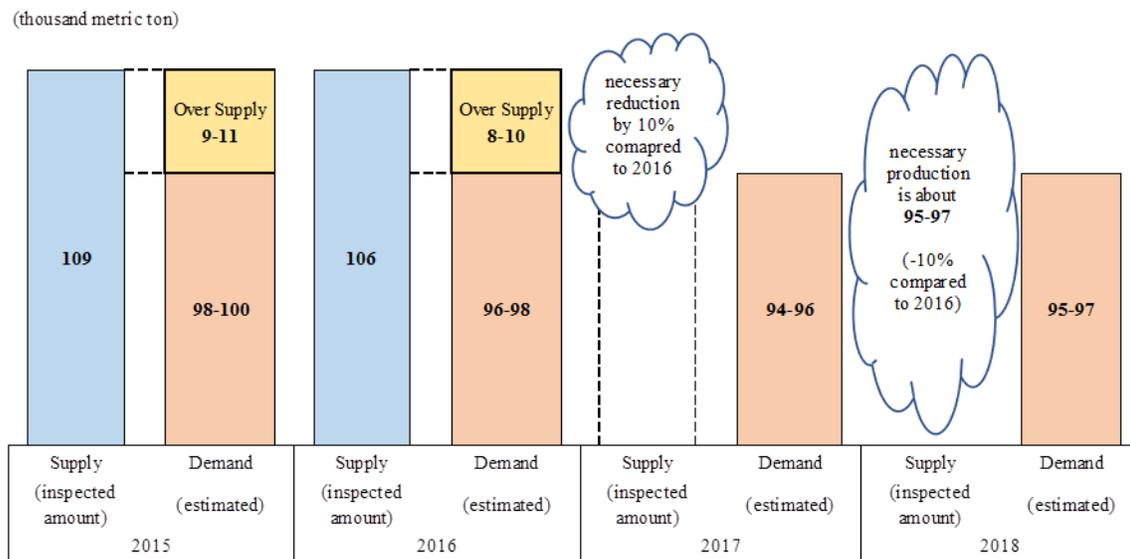


Fig. 4. The supply-demand balance of the suitable rice for *sake*

Source: The MAFF.

- *Yamadanishiki* was consumed the most and was followed by *Gohyakumangoku*, *Miyamanishiki*, *Akitasakekomachi* and *Omachi*. Especially, *Yamadanishiki* occupied 40% of the total demand and, with *Gohyakumangoku*, it occupied 60%. Viewing the demand by prefectures, Hyogo produced the most and it was followed by Niigata, Nagano and Akita. Hyogo and Niigata occupied above 40% of the total demand.
- Hyogo produced *Yamadanishiki* about 22,000 metric tons and it occupied about 70% of total production in 2015. Niigata produced *Gohyakumangoku* about 11,000 metric tons in Niigata and it occupied about 50% of total production. The demand of *Gohyakumangoku* tends to decrease. Nagano produced *Miyamanishiki* about 3,000 metric tons and it occupied about

60% of total production. The demand of *Miyamanishiki* also tends to decrease. Okayama produced *Omachi* about 2,000 metric tons and it occupied about 90% of total production.

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