

Case Study: Abandoned Farmland Revitalization Through Grape and Wine Production in Nagano Prefecture

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The production of wine, the alcoholic beverage made from fermented grapes, dates back to 4500 B.C. in Europe but is now found all over the globe. Wine production and consumption has been a growing force in Japan. Most wine production of Japan comes from Yamanashi prefecture. However, Nagano Prefecture, a prefecture that neighbors Yamanashi, has the potential to also grow and develop a wine production and grape cultivation industry of equal caliber.

Through a thorough discussion of the various players guided by their roles, we attempt to illustrate hurdles in developing grape cultivation and wine production of Nagano prefecture. Goals of studying of Grape and Wine production in Nagano Prefecture are increasing awareness of Japanese wine and drawing attention specifically to Nagano prefecture. Bringing in wine production and grape cultivation to Nagano is a method of modernizing farmland areas and can indirectly improve the aging society. Studying Nagano prefecture and its potential as a major center for wine and grape production relied on interviews with major players.

Interviews serve as a guide to understanding the multidimensional issue of building a business that requires large capital, entrepreneurship and tenacity. Without them, the report on revitalizing abandoned farmland in Nagano prefecture through wineries and grape production would have been a very different. We conducted interviews of different wineries in the Nagano Region, as well some of the local government. Interviewees include Merican Winery Mr. Saito, Mr Tamamura,

Rue de Vin, Jimba Plateau Committee. These interviews improved analysis by highlighting difficult obstacles from personal experiences.

Background of Nagano Prefecture

Nagano Prefecture, nestled in the middle of Japan, has a very diverse landscape, some of it being suitable for grape cultivation. The landscape of this region is mountainous, with Asama and Mikuni mountain ranges, hilly, forests, and smaller rivers in addition to the Chikuma river. The Chikuma River flows from Komoro City to Nagano City and is the longest river in Japan. The high mountains in the north prevent the rainy clouds resulting in low levels of precipitation. With its low levels of precipitation and dynamic landscape, the valley formed by Chikuma River in Nagano is very suitable for the cultivation of grapes.

It was not until the Meiji Era (1868-1912) that grapes were grown in Nagano Prefecture's Chikuma River Valley. Before that time, lowlands, with irrigated water, housed rice cultivation. While the hilly sloped lands, housed mulberry trees for raising silk worms. After the decline of silk demand from Japan the 1970, this area sought to cultivate Ginseng. Now, Nagano prefecture cultivates vegetables, fruits, mushrooms and flowers and rice. One of these fruits is the grape.

With low levels of precipitation, on scales of less than 1000mm per year, and high altitudes available due to the flanking mountains, and large difference in day and night temperatures, Chikuma Valley of Nagano Prefecture is a prime location for grape cultivation. Pioneers such as Mann's company, an affiliate of Kikkoman, and Soichi Sato of Merician Company, sought to grow wine grapes in the 1980's. Before the introduction of European based wine grape varieties, only table grapes like Ryugan, a grape variety brought over from China, and Kyoho grapes were cultivated in the Valley. There were and still are many challenges to overcome for wine grape cultivation.

However, the developing model and structures of winery pioneers in this area is making Nagano more conducive to this industry.

Agricultural Law

Japanese agricultural dictates that public companies cannot hold land. Companies, such as Mann's Winery and Mercian, who financed the development of wineries in Nagano, built private companies that could hold the land leases. The large land areas needed for wider grape cultivation and winery also require coordination with many citizens. The 20 ha used for Mariko Vineyards required over 100 land leases. Coordination with the local government, like the Jimba Plateau Committee, has helped organize and encouraged citizens to lend unused land for grape and wine production.

Aging Society

The difficulties which they have to meet are the technology, initial cost and official regulation to get license of fermentation. Promotion of grape wine production is more and more interesting and popular. So this can be an opportunity for the welfare of ageing society. In Japan, about 25% of population are over 65 years old and the average age of people in Japanese wine industry is above 40 years. Apart from the potential vignerons, the vineyards and wineries can bring benefits to the elder citizens. When the more wineries are there, the more job opportunities can be not only for the elder but also for the young.

Involvement of vineyards/wineries in local community in cooperation with Nagano prefectural government and local authorities are necessary. Through seminars and Academia to make extension about grape growing & winery & give training to overcome the obstacles. The wine academy help potential vignerons. It gives actual technical practices and helps to get license because the minimum quantity of production to get license is 6000 litres per year and 2000 litres in specific

districts. In wine academy, it has 50,000 litres capacity per year and commissioned production is possible.

Rural Development / Tourism

For rural development of Nagano area, the nature-based tourism should be enhanced through improving transportation. The current constraint is the transportation. As in the case of Chikugawa valley, while visiting to many popular wineries, you can drop in Tomioka to see. Tomioka Silk Yarn-Making Factory, UNESCO world heritage site. So the location of vineyard/ wineries should be near the tourist attraction sites. One good example is the Mariko Vineyard which is not only famous for excellent wines but also the better management of land because under the Agricultural law this vineyard have 100 owners of land for 20 ha of land. Reputation of wine production in Nagano Prefecture is not that well-known compared to Yamanashi Prefecture. So we must use Katsunuma as a reference model by inviting volunteers to harvest, in return, are given a bottle of wine and wine grape harvest experience.

For the tourism development in relation to grape production and Winery, several techniques like wine grapes' harvest tour conducted in collaboration with the vineyard & nearest tourist spots (e.g. hot spring hotels etc.) The events such as Wine Festivals, wine seminars, demonstrated by Rue de Vin, customers pay to after harvest, commercial sales increase as seen at the cafe shop. Promotion of agri-tourism in urban areas, like volunteer work in harvest season, is another method of tourism development.

Basic market analysis

Over 50% of the Japanese population drinks wine at least once per week, with 7% drinking wine every day. According to the survey in 2010, there are over 39.2% wineries in the Yamanashi Prefecture. 7.4% in the Yamagata Prefecture, 6.8% in Nagano Prefecture.

From the recent three years during 2008 to 2010, the sales of the main wineries nationwide were mainly going down while more companies were actually gaining profit thanks to the high added value of the production and better management of the companies.

Price

The quality-price ratio is a major determinant of the success of a particular wine or producer – 70% of consumers don't mind what wine they purchase as long as the price is right. Producers offering low to mid-range priced wine are most likely to succeed on the Japanese market.

Historical consumption

Two of the most significant booms were in the late 1980's and a boom in red wine in 1997 and 1998

Demographic

The largest demographic of consumers of wine ¥3000 JPY or more are men and women between the ages of 30 and 40 years old. As Japan's population ages, the market for high quality wines may increase. Older population have more disposable expenditure to purchase while individuals in their 20s are less likely to have found steady employment and thus have a smaller disposable income.

Gender

Women are the leaders of wine consumption and hold about 80% of the market because they have most of the household's purchasing decisions, are purchasing wine from supermarkets and convenience stores more often.

Nevertheless, the truth is it is the women who only purchase more but men drink more often and in greater quantities.

Location

Most of the wine consumption occurs in urban areas with more than 70% of premium wines (¥3000 JPY or more) consumed in the greater Tokyo area alone. In rural areas, a greater share of alcoholic beverage consumption is made up of more traditional drinks such as shochu, sake and beer.

The majority of consumers are willing to distinguish the geographical origin, and are interested in telling about differences of characters of wine according to its producing regions. Since high costs are required to produce wine with grapes grown in Japan, we have to make better quality of wine in Japan. This situation results in small production of Japan wine. In these circumstances, consumers tend to appreciate wine representing regional character as high quality wine.

International market

Although a major consumer of wine, Japan is mostly unsuitable for viticulture except for in certain regions such as Yamanashi, the Japan wine is still mostly intended for domestic use. However, Japanese wine makers have become more competitive in the global market place as exports of domestically produced wines have increased. Misawa Winery from Yamanashi prefecture founded a group called “Koshu of Japan” or KOJ, which includes 15 different local wineries interested to export their wine overseas. The exported Japanese wines are made from the Koshu grape, which has a history of over 1,500 years in the Yamanashi region. It is a very popular brand in Japan.

In order to revitalize the more rural areas that undergo pressures from an aging population, shifting focus and encouraging growing markets like wine production may help Nagano Prefecture. However, there are these major hurdles that must be overcome ranging from ownership law, high capital, and growth in the market. Pioneers have already made headway into developing a wine industry in Nagano prefecture. Recommendations on improving the marketing of Japanese wine specifically of Nagano, seeks to highlight wine production. Companies and individuals alike have large roles to play in the increase of Nagano Wine Production.

