

Challenges and Solutions of the Geographical Indication to Japan-Wine Production

Department of Global Agricultural Sciences (Master 1)

Ryota Imai, Chiho Udagawa, Erika Kawakami, Hirotada Kushihata,
Mayu Kusumi, Yuko Goto and Rie Nakai

Supervisor: Professor Kobayashi Kazuhiko

1. Introduction
 - 1-1. Objective
 - 1-2. General Situation of Wine Industry in Japan
 - 1-2-1. Wine Consumption in Japan
 - 1-3. What is "Japan-Wine"?
 - 1-4. Geographical Indication (GI)
 - 1-5. Use of Wine Law in Foreign Countries
 - 1-6. Formulation of Rules on Indications of Wine
2. Questions
3. Materials and methods
4. Result
5. Discussion
 - 5-1. Observations on Questions
 - 5-1-1. Observations Regarding Impacts on Wineries
 - 5-1-2. Observations on Future Exports of Domestic Wine
 - 5-1-3. Observations on Future Responses by the Government on Domestic Wine
 - 5-2. Observations on Various Wineries
6. Conclusion
 - 6-1. Solutions to Problems
 - 6-1-1. Wide Recognition Among Consumers
 - 6-1-2. Lowered Image of Wine Other Than Japan-Wine Among Consumers
 - 6-1-3. Increased Price and Lowered Quality of Grapes
 - 6-1-4. Development of Wine Industry
 - 6-1-5. Improvement in Evaluation System
 - 6-1-6. Clarification of Standards
 - 6-1-7. Strategies for Exportation

1. Introduction

1-1. Objective

The geographical indication (GI) on wine was enacted in October 2015. In western countries, this system had taken an important role in maintaining and improving quality of wine. In Japan, on the other hand, history of wine industry is still short and natural environment as well as social conditions surrounding production of wine grapes differ from other developed countries of wine. Thus, varieties of challenges can be expected. In order for GI to support the development wine industry in Japan, analyzing upcoming problems is important to imagine the future industry.

First, our group studied about GI, and investigated how GI in EU has influenced the wine industry. Moreover, we heard from participants of wine industry and related members of governmental department regarding application of GI.

1-2. General Situation of Wine Industry in Japan

1-2-1. Wine Consumption in Japan

Today, wine consumption in Japan is rapidly increasing. This increasing trend can be called the seventh wine boom as its first counted boom started in 1972.

Increase in demand, which was created by previous wine booms, was supported by domestic wine that is produced by major wineries from concentrated juice and imported wine. However, "Japan-wine," which is made by 100% domestic grapes has taken another look in recent years. Koshu grapes that have long been cultivated in Yamanashi was registered to International Organization of Vine and Wine (OIV) in 2010. By this registration, Koshu grapes were internationally certified as one of wine grapes. In Nagano, prefectural government and local government together put effort to wine production. Especially in new areas in this prefecture, technology to cultivate and use international wine grapes is on its way for the establishment. In addition, the number of distilleries of fruit wine is also increasing year by year. In fact, the number of distilleries other than experimental distilleries has increased by 30 from 1999 to 2013. One reason for this increase can be a lowered hurdle of new entry enabled by introduction of a wine special zone system.

However, production level of grapes and area of cultivation that are needed for wine production are decreasing year by year mainly because of aging farmers even though the number of wineries are increasing. On the other hand, wineries could only rely their supply of grapes for wine production from farmers. This is because wineries are restricted to own their agricultural lands in a form of enterprises by Agricultural Land Act in Japan. However, Agricultural Land Act was revised in 2009, and agricultural production corporation system was revised as well as wineries were given a permission to rent agricultural lands. Yet, the real situation is that wineries are still reluctant to increase agricultural lands managed by themselves. Two reasons for their hesitation are that (1) wine that is produced from grapes directly bought from farmers is more profitable, and (2) it is very rare to use relatively sizable agricultural lands in Japan in which country land is small and has various terrains.

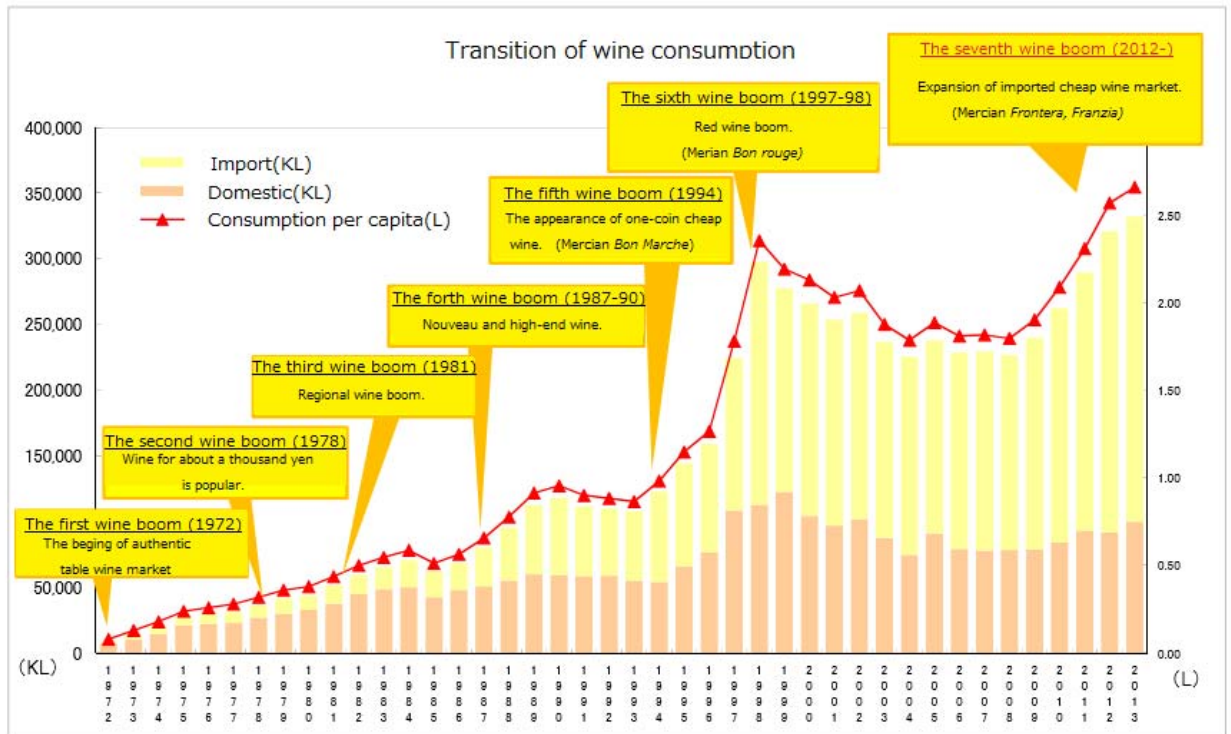


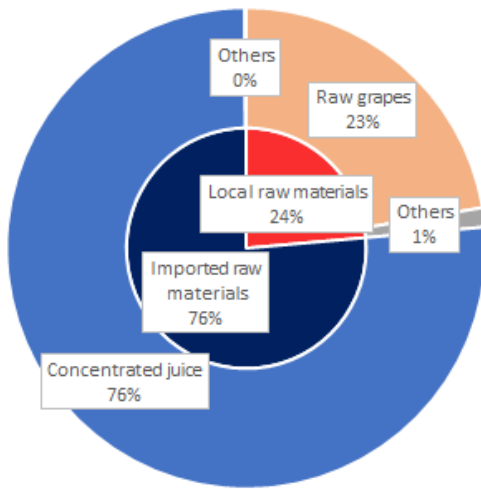
Figure 1-1. Transition of wine consumption in Japan

HP from Kirin

(http://www.kirin.co.jp/company/data/marketdata/pdf/market_wine_2015.pdf)

In Figure 1-1, domestic wine includes wine which is made of concentrated grape juice imported from overseas and wine which is made by processing bulk wine in Japan. Figure 1-2 shows that percentage of concentrated juice is 76% in the total of raw material of domestically produced wine. However it also shows that Japan wine is only 12% in the total of sales quantity of domestically produced wine. By combining Fig1-1 and 1-2 we can understand that percentage of Japan wine is only about 3.5% in the total of all consumption. Fig 1-3 summarizes these things.

Percentage of raw material



Percentage of sales quantity

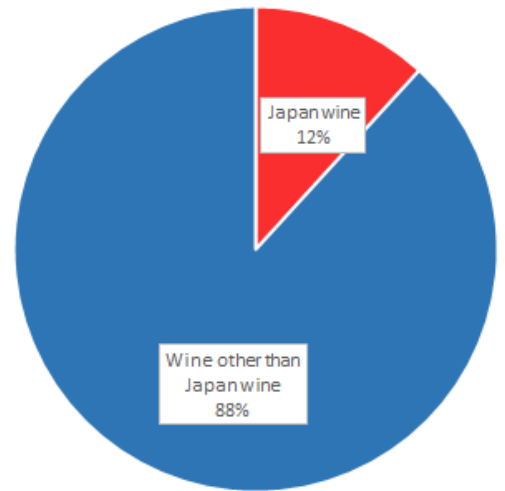


Figure 1-2. Percentage of Japan-wine among domestically produced wine

Percentage of wine distribution level in the domestic market(2013)

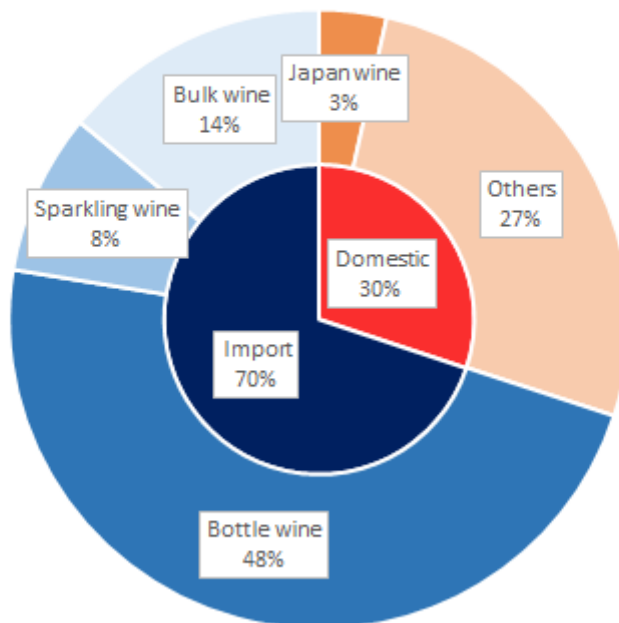


Figure 1-3.
Statistics from the National Tax Admission Agency

1-4. Geographical Indication (GI)

According to TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights), GI is defined as "a sign used on products that possess qualities or a reputation and other characteristics that are mainly due a specific geographical origin of the products to identify these products as originating in the member countries or in a given area or region of these countries." Members of WTO have responsibility to protect GI as defined. Therefore, GI is widely recognized system in the world, and is given a protection in more than 100 countries globally.



Figure 1-4. An example of GI in a section area of Montrachet in Burgundy

Other than wine, GI registration is also done to dairy products, beef and other livestock processed products, fruits and vegetables. Products that have passed prescribed standards can use the names of their origin. Therefore, GI is not allowed to products that could not pass those standards. This regulation leads to a protection of intellectual property rights of the origin.

Japan is one of the members of WTO, and therefore has an obligation to conduct what is written in TRIPS agreement. Thus, following this agreement, Japan began protecting GI wine under the ministerial notice based on the law from 1994. Furthermore, the commissioner of the National Tax Administration Agency designated "Yamanashi" as GI in 2013.

1-5. Use of Wine Law in Foreign Countries

Wine law was originated as "a law to prevent fraud in selling products and forgery of food and agricultural products" to control fraud in selling food. This law covers not only wine but food in general. This law was enacted in 1905 as a countermeasure of fraud on products in which their characteristics, quality, ingredients, area of origin are forming their major selling power.

In 1907, wine market experienced an excessive supply, and price of wine decreased. Grape farmers repelled to request for a ban on substitutions of wine and imported wine.

Demarcation of area of origin by the government had failed, and the government decided a new demarcation by the court. In 1919, a term Appellation d'Origine (name of origin) began to be used to wine, agricultural products, and other agricultural processed products. However, this law had a big flaw in not clearly stating the importance to consider about the quality. Thus, it was discussed whether Appellation d'Origine only covers GI or also covers quality. However, French Cour de Cassation which corresponds to the supreme court judged that quality can be not considered. As a result, even coarse wine can indicate the name of the origin if grapes that are cultivated in that specific area are used, and evaluation of area of origin lowered as a consequence. Furthermore, there arose a problem that courts could not respond to too many lawsuits about name of origin. Consequently, name of an issue was used for years until the judicial decision.

To solve the problem arose from this law of 1919, a quick revision was needed and the "Additional Act on the Protection of Appellation d'Origine Contrôlée on May 6th, 1919" was established. By this act, not only what GI covers but also grape varieties that have an important impact on wine quality were finally given a consideration.

All over European countries, distribution of substitutions that claim to be wine became a problem. To solve this problem, there was a need of an international effort. Thus, the Office International de la Vigne et du Vin (OIV) which is an international organization that handles wine was settled in Paris in 1924, and rules on trade of wine were created. In 1958, it was renamed the Office International de la Vigne et du Vin (OIV), and expanded its targets to grapes and products that use grapes for their ingredients. Regarding problems about cultivation and fermentation of grapes, label indication and definition of wine, the member countries discussed and attempted improvement of the international standards. In 2001, a new agreement was reached. It was reorganized as the Organization Internationale de la Vigne et du Vin (OIV), and also doubled its members. As of June 2013, OIV had 45 countries as its members. Many wine producing countries and major wine consuming countries other than Japan, the United States and China joined.

In 1929, when a stock price crashed in New York led worldwide financial crisis attacked, this affected wine importing industry. As a consequence, "Act on Wine Production Norms" was enacted to regulate production of normal graded wine in 1931.

Under this act, paying a progressive levy was obligated according to yields. In addition to paying a levy, measures such as a suspension of shipment and a ban on new plantation in vineyards that have a big yield were applied. Therefore, there was a trend of trying to produce wine that would not be imposed regulations apart from its quality. As a result, wine that claim Appellation d'Origine increased among farmers that produced wine of a normal grade, and Appellation d'Origine fell out of control.

In 1935, to bring Appellation d'Origine under a control, Appellation d'Origine Controlee (AOC) was enacted. Because laws by the government and court were unsuccessful, new general principles stated "producers should set and manage quality conditions on their own." Not only a production area and a grape variety but also other various quality conditions were added to this law. To register for AOC, cultivation in prescribed production area as well as use of prescribed grape varieties were set. Also, conditions such as limitation of yield of grapes, degree of alcohol content and methods related to cultivation and fermentation that are determined in each AOC should be fulfilled. Moreover, wine that contains additives such as water, sugar, alcohol, flavoring and coloring was denied because natural production without any additives in a process of grape cultivation and fermentation was assumed. At the time, AOC wine was severely limited that percentage of this wine was less than 10% of entire wine production in France.

The system of appellation of origin today was put into practice by this law of 1935. By this law, Comité national des appellations d'origine de vins ou eaux-de-vie (CNAO), which became INAO today, was established. Regarding production conditions of wine under appellation of origin, this committee would decide based on opinions of producers associations in each origin area.

After enactment of the law of 1935, various places in France registered for AOC one after another. However, both laws of 1935 and 1919 coexisted because the law of 1919 was not banned. Although the law of 1935 had requirements to match quality specifications, it was recognized as an appellation that producers could freely claim under the law of 1919. In 1942, the law of 1919 was banned and the law of 1935 existed as a single law. In 1949, Vins délimités de qualité supérieure (VDQS), which mean limited wine of the best quality, were born as a category under AOC. In 1956, re-plantation of vine plants caused by a big chill triggered a regulation of plantation of coarse varieties, which led to an increase in production of AOC wine. In 1968, third category after AOC and VDQS was settled by a cabinet order. Although "Vin de Pays" decided production conditions such as maximum yield and certified varieties, it is less severe when compared with standards of AOC wine. Today, it became Indication géographique protégée Wine (IGP wine). IGP wine is allowed to indicate the name of origin area under this cabinet order even though being table wine. Under TRIPS agreement that was adapted in 1994, protection of GI was seen as one of intellectual property rights.

1-6. Formulation of Rules on Indications of Wine

In Japan, there exist no such a law that can be called a wine law. Thus, wine that does not match European standards is also produced. To begin with, indication standards of wine used to rely on self-standards of the industry stated by organizations like wine makers association in Hokkaido, Yamagata, Nagano and Yamanashi under the Japan wineries association. There were various problems. For example, even if there arose some wineries that break a rule, penalties were not imposed. Another was that self-standards could not be applied to imported wine.

In this October, the National Tax Agency enacted a notice called a "scheme to determine production process quality indication standards on fruits wine." By this notice, Japan-wine is finally defined in the ministerial law, and this definition is applied to every winery in Japan. This notice was innovative in a mean that penalties are imposed in case of violation.

Also, GI experienced an overall revision of current basic standards and brought the new notice. This system contains basically same regulation context with Geographical Indication Regulations in EU. Impact of clarifying Yamanashi as a position as a wine producing region is expected as the prefecture is appointed GI in 2013. Moreover, it is assumed that prefectures other than Yamanashi have a motivation for protection since the government has decided detailed necessary conditions through GI on wine. That is to say, basis of other regions to be appointed GI was constructed.

2. Questions

Before hearing, our group set three questions as shown below based on what we have learned as it is mentioned earlier.

- 1) · What impact does this law have on domestic wine industry?
 - Does wine production level increase?
- 2) · Does exports of Japan-wine increase?
 - Does exports of wine increase by a higher position of Japan-wine in foreign countries by using GI?
 - Does exports to EU countries increase since EU has GI system?
- 3) · How does the governmental involvement to wine industry change?
 - How to manage GI system?

Based on these questions, we created a questionnaire for Agricultural Department of the prefecture and wineries.

3. Materials and methods

We visited the Industry labor department, Yamanashi Prefectural Government and wineries in Yamanashi prefecture. Yamanashi prefecture has already registered GI from 2013. And it examines application of the designed revision based on the new notification now, so we decided it as research object. And we interviewed six wineries.

【Schedule】

Friday, November 20

9:45-10:45 Industry labor department, Yamanashi Prefectural Government

11:30-13:00 Winery A

15:00-16:00 Winery B

16:30-17:30 Winery C

Saturday, November 21

9:00-9:55 Winery D

10:30-10:55 Winery E

11:30-12:00 Winery F

【Yamanashi Prefecture】

They establish open day of Yamanashi Nouveau, and they hold Festival of Yamanashi Nouveau in Tokyo on the day and operate a patrol bus around wineries in spring and autumn. And the Japan Wine Competition has been held from 2003.

In 2010, the government carried out “appellation of the origin of Koshu”. It aims to certificate wine that is fermented by companies in Kosyu and guarantee its area of the origin of wine grapes for consumers. Also, the system is expected to promote supply as

well as to spread and increase a production of wine grapes of a high quality, thus encouraging the development of the wine industry.

Unlike Nagano, they did not raise the hurdle of the examination standard of sugar content and sensory evaluation. And it was not able to make brand image up, so it was ineffective.

【Winery】

Winery A started producing wine in 1923. The annual amount of production is 250,000 bottles (750 mL conversion). The president of winery A thinks to want Yamanashi Prefecture to become center of the wine production mainly on the wine of the Koshu, the one and only, and he plays role that is like the focal point of the group called KOJ (Koshu of Japan). KOJ is a group publicizing the wine of the Koshu kind for the world and founded by fifteen wine producers in Yamanashi Prefecture, Koshu city Society of Commerce and Industry, Koshu Chamber of Commerce and Industry and Brewing and Yamanashi Wine Brewers Association in 2009. His aim is the expansion of export of wine made from Koshu.

He has two wineries in areas in the prefecture by posture making to do the personality of each production area. Aiming at the coexistence with the farmhouse, he studies nominate quality of Koshu.

Winery B's annual amount of production is 600,000 (750 mL conversion). He studied to catch up with famous producing area overseas in 70-80's. However, he began to be conscious of Japanese characteristics in 90's. Japanese climate is different from existing famous production area's one, so he investigates the taste that reflected the four seasons in Japan. And he performs a tasting called "barrel selection" in which all of Chardonnay lots are arranged according to a production center and evaluated every year. Farmers attend this barrel selection and so he has big role changing their thought.

Winery C started producing wine in 1960. The annual amount of production is 900,000 (720 mL conversion). He deals wine widely from table wine of Issho-bin (sake bottles of 1.8 liters) to top range. He established company farm in 2000 and tries for grape quality improvement. He has the wine which is particular about the balance of quality and quantity and the wine which is particular about only quality. The company farm is opened in 2000 and its environment is suitable for producing Bordeaux type of wine. Recently, vines of Chardonnay are suitable to the land. Therefore, white wine evaluation becomes higher like red one of kind of Bordeaux that got a high evaluation earlier. He is looking for new technique to give the originality. For example, variety of

the grape and the quality of barrel . He was awarded the first gold medal as red in the Japan wine competition for domestic wine in 2005. In addition he was awarded gold medal and a section blue ribbon in the section of the white kind of Europe origin in the same contest of 2012.

Winery D started producing wine in 1937. The annual amount of production is 420,000 (750 mL conversion). The president of winery D has an ancestor who was a chief vassal of war-torn country daimyo Katsuyori Takeda of Kainokuni (the old name of a country of Yamanashi). Therefore, he is particular about a land of Katsunuma. And he drives it into producing Koshu to follow Koshu of the Japanese endemic species, and to follow native district more. He cultivated Cabernet Sauvignon and Chardonnay until the 90s, but specialized Koshu to make Koshu the kind of the world level. He was awarded with a silver medal for Japan wine for the first time in Vinalies Internationales of 2003 and 2004. In addition, he was awarded with a silver medal in International Wine and Spirit Competition of 2004.

Winery E started producing wine in 1885. The annual amount of production is 400,000 (750 mL conversion). He aims wine production that is liked for long time with taking new taste but not changing the essence of wine. For example, as for the wine which became the basic goods for ten years, it was to the sparkling wine which did it well by changing a fermentation method. And he practices both the cultivation and the way to distill in various trials to a climate of Japan.

Winery F started producing wine in 1938. The annual amount of production is 200,000 (720 mL conversion). The 3rd president learned the wine production in the winery of the family operation in France. Based on it, he aims making the atmosphere that is easy to get close to high quality wine structure. He tries the various cultivation methods including hedging style cultivation of *Koshu* in the company field. In addition, he is particular about barrels and grapes for new technique to propose originality.

4. Result

1 . Yamanashi Prefectural Government

【Hearing result】

- It is necessary to increase the number of times of the sensory evaluation whether or not it meets a standard to make more wine GI certification wines. Therefore it is concern that a burden on time, expense, and staff depends on the association. In addition, the burden for each winery increases because it is necessary for the wine which took the GI certification to change the indication of the label.

- It is able to differentiate it from other local wine definitely by taking the GI certification first in the country for Yamanashi Prefecture. Furthermore, it is said that a standard of the quality of the wine itself is decided definitely. And they expect the wine which took the GI certification is guaranteed to be a high quality(Blanding). The large-scale winery is estimated to be increase in overseas export of the GI certification wine and market expansion.
- It is essential to let consumers recognize what kind of meaning of the GI has and what kind of system of the GI is, because the general recognition about the meaning of the GI certification is low. However, it is concerned about the burdens on person in charge increasing, because the understaffing of the prefecture staff about the wine becomes the problem.

【request】

The requests are the support of the PR expense from the government and staff supplement. They think that it is necessary to perform the PR activity such as the sampling event of the wine flourishingly, and to make a lot of fans of the Yamanashi wine. In addition, they think it is necessary for prefecture to support new entrants to wine grape farmers.

2 . Winery A

【Hearing result】

- He wants to consign inspection to the government, because the cost of testing for the GI certification burdens the association. He is concerned about burdens increasing for a winery at the time of system introduction. For example, the GI certification wine for exporting abroad might invite confusion to use the word called "GI YAMANASHI", because they are thought that "Yamanashi" is included in a company name. Therefore some companies change their name so that there is not including "Yamanashi".
- In EU, the wine without the GI certification cannot indicate the name of production area (origin). It becomes the merit when he exports wines produced in Yamanashi, because a correct production region can be put on a label by taking the GI certification. It becomes value-added when he exports the GI certification wine to the Southeast Asia.
- The government wants to pour a budget for a fast-acting thing for uptick, on the other hand, it doesn't pour a slow-acting thing such as base maintenance like data of the weather information and the technical improvement. He has dissatisfaction toward this and thinks it is necessary that making environment that can use mega data including the weather data. Furthermore, he thinks that PR about the GI certification of Yamanashi is insufficient. Therefore he thinks that prefectural government and association should do the further PR including PR activities that are targeted to the

consumers of the metropolitan area.

【Characteristics】

He has a medium-and-long term viewpoint for support to create the foundation and the technique improvement and making environment to be able to bring up the talented persons who have profound knowledge of wine to put up pawn of the inspection.

3 . Winery B

【Hearing result】

- By the GI certification being considered and only GI certification wine is treated as “good wine”, it is fear the wine (using the concentration fruit juice) which does not take the GI certification will be treated exclusively. As a result, he is concerned that the wine which does not take the GI certification may not sell well.
- He thinks the GI certification becomes the merit because it will have a high evaluation in foreign countries. He wants to lay emphasis on the export to in particular the Southeast Asia in the future. In addition, he believes that if EU values Japan wine higher, it will become more competitive and popular in other markets in the world.
- He wants that Yamanashi Prefecture is independent and to work on PR activity for GI.

【request】

- He wants the Yamanashi Prefectural Government to publicize it positively about GI. For example, the Nagano and Hokkaido Prefectural Governments are independently publicize it.
- He wants the Yamanashi Prefectural Government to do promotion for wine from Yamanashi by holding tasting business meetings.

【Characteristic】

He wants to establish a production center called "Yamanashi" with whole wine association members. He plans to squeeze the number of varieties of grape for wine to apply to GI for as the foothold. However he thinks the winery which does not export to foreign countries now will not export in future either, even if the GI was introduced. In other words the GI certification system is not a chance to export.

4 . Winery C

【Hearing result】

- He is concerned about the cost to change the labels to suit for wine certificated as GI. And he also regards it as risks that wineries have to align the timing of ordering labels with the time when wine passes the sensory evaluation. Therefore by considering about shipping time, some parts of wine are difficult to apply for GI.
Additionally, there is a possibility that consumers tend to choose GI wine and that flow causes a decrease in sales volume of wine other than GI wine (wine which is made of imported grape juice, like wine for souvenirs). In the worst case, price of raw material rises domestically and it causes rising of wine price or a decrease of wine quality which is caused by mass production.
- He thinks GI introduction brings export expansion to large-scale winery.
- He claims that “area of origin “ that government defines is debatable. He feels a sense of incongruity in the area of origin which is defined in units of a municipality. For example if two vineyards belong different municipalities but the distance between two is only several meters, still two vineyards belong different area of origin. Ideally areas of origin should be defined by climates. He believes that we should regard “area of origin” not as grape cultivation land but as the area which includes wine production land.

【request】

- He wants government to promote GI more positively.
- The number of sensory inspections should be increased to give wineries chances for more wine is applied for GI.
- New entrants who want to make wine should be informed of GI system.

【Characteristic】

He wants wine certificated as GI to be controlled it's quality after distribution (for example, a temperature control when the products are stored and an inspection to avoid distributing wine other than certificated one). In the same time he wants third party to check wine in order to keep the trust of certification.

Also he is concerned about the possibility that adopting French GI system as it is causes confusion to Japanese wine industry.

Additionally, he wants wineries to make contract farming (to contract with farmers before they yield production) in order to maintain grape quality and price.

5 . Winery D

【Hearing result】

- At present, only European grapes, *Koshu* and *Muscat Berry A, Delaware* and some others are approved as GI varieties. However if excessive number of grape varieties are applied, it is difficult to decide unique grape varieties which express that area of

origin. And it disturbs wineries in there to create their taste of area of origin.

- GI system enables Japanese wine to fulfill global standards and therefore it will be finally valued in overseas. Also it is expected that connection between individual flavor of grape cultivation land and grape varieties causes more specific identity of Yamanashi (terroir).
- Government should promote GI to increase awareness by general public.

【request】

- The number of grape varieties which is applied for GI should be limited.
- For the purpose of exporting wines to overseas (particularly to EU), bottle size should be integrated to 750 ml which is equivalent to the EU standard.
- Smoothing of inspection system is required.
- Increasing awareness of GI by general public is required.

【Characteristic】

He has an opinion that the number of grape varieties recognized as GI should be limited. Particularly in Yamanashi, applying many varieties for GI more than *Koshu* and *Berry A* is not necessary.

Also he thinks that smaller area like Katsunuma is more suitable for GI indications of area of origin than Yamanashi, because individuality of grape cultivation land and grape varieties cultivated in there are closely related.

6 . Winery E

【Hearing result】

- He thinks that consumption of wine in Japan has been increasing since before GI introduction and that trend will continue.
- Getting GI certification doesn't change the method for producing wine and the taste as it was. It only changes the classification of wine to "Japan wine".
- GI certification doesn't mean the rank of wine but it can exclude low-quality wine.
- He thinks that the level of the Japan Wine Competition is not high because there are variance of points with judges and the wines which have already been awarded in other foreign competitions are sometimes eliminated in the preliminary contest.

【Characteristic】

He regards a shortage of wine grapes as a serious problem. Even though some Japan wine get GI Japan may not be able to increase the volume of exports because of the shortage of raw material. Moreover, GI wine does not always sell very well in Japan. (His opinion is that consumers don't purchase wine because of GI indication but they purchase because of good taste.).

And he thinks that it is useless for small wineries to apply GI certification because they can sell their wine inside Japan.

7 . Winery F

【Hearing result】

- Small- scale wineries think it would be enough to sell the volume of wine that enables them to live on. They don't want to take action to develop more than now, like expansion of their company.
- He thinks that as long as wineries sell their wine to only local residents, getting GI certification doesn't influence consumers to choose those wine. However if awareness of GI increases in metropolitan areas it may become a merit of shipping to there. In that case, wineries selling their wine to only local residents will apply GI certification.
- Sweetened wine (wine added distilled alcohol like brandy in the middle of fermentation process and stopped fermentation by increase of alcohol content and left sugar to contain sweetness) is being exported to Asia (South Korea, Taiwan, Singapore, China).

【Characteristic】

He thinks that rules don't have to be made strictly with following GI certification system since the history of Japanese wine industry is too short. He also thinks that it's too early for the government to decide whether the laws in America or EU are more suitable for regulating the wine industry in Japan.

Also he complains the system which pick on trivial issues.

However, he expects that the demand of Japan wine will increase in the future.

On the other hand, GI introduction may bring a risk that bulk wine and Japanese wine made of concentrated fruit juice are taken as low-quality wine by consumers.

We could observe his company's vineyards.

5. Discussion

5-1. Observations on Questions

5-1-1. Observations Regarding Impacts on Wineries

Clarification of the relationship between the characteristics of nature that originates from a specific area and the feature of wine is needed as a regulation when requesting for GI. Regarding this, wine that has passed evaluation checks conducted by a management organization only is certified as wine that meets GI requirements. Therefore, movement to acquire GI certification encourages an understanding of the characteristics of producing region among wineries. Through a proper management of GI system and an increase in participants of GI, an increase in the number of wine that represents characteristics of the producing region and a development of local wine industry can be expected.

On the other hand, a burden on a local association that manages this evaluation checks and each winery that takes these checks is concerned. Time, cost and labor that are taken in a process of managing these checks can be a big burden to an association. Also, cost to change labels after GI certification and the existence of wine that cannot request for GI due to bad timing because the limited opportunities of these checks are problems for each winery.

As concerns that are not related to evaluation checks, a sudden rise in prices of domestic grapes caused by an increase in their demand due to the introduction of GI, and lowered images toward wine other than Japan-wine among consumers can be predicted.

5-1-2. Observations on Future Exports of Domestic Wine

Since wine without GI is not popular in EU, the expansion in exports to the EU countries by the GI certification is expected. Some wineries predicted further export expansion to foreign countries through an increase in the value of Japan-wine after highly evaluated by EU, which is a transmitting place of wine information. Indeed, GI certification allowed Japan-wine to be equally competitive among wine from other countries in the market.

In addition of exporting to the EU countries, the GI certification would be an additional value when exporting to other countries for example to Southeast Asian countries. However, this benefit is limited to big wineries that export in a large quantity. Thus, small wineries that mainly sell their products domestically would not benefit.

5-1-3. Observations on Future Responses by the Government on Domestic Wine

Now, both the government and wineries recognize that properly explaining and informing consumers about the GI system is important for a success of GI introduction. In order to achieve a success, various PR on Japan-wine as well as GI wine is expected to come in the future. However, wineries have no plans for such PR. Thus, the government should inform consumers about the GI system. Yet, the government lacks labor and budget for wine, and so whether the government can do a sufficient PR or not remains unanswered.

Furthermore, the current GI system was enacted based on an existing system in the EU. In the EU, the wine law experienced repeated revisions. This was because of disagreements occurred between the government that enforces law and actual wine makers. For example, there was an incident in which wineries that were excluded from the demarcation of production origin area repelled after the government set the demarcation. Moreover, coarse wine flooded in market because the earlier appellation of origin did not clarify about quality of wine.

In light of these arguments, there is a high possibility that the system would be revised in future according to compromised contexts of both the government and wine makers

5-2. Observations on Various Wineries

These 6 wineries we interviewed this time were all in similar sizes when categorized according to wine production levels of these wineries. However, each winery had a different opinion toward the GI system. Since the system is expected to encourage the characteristics of local wine, it should be managed in a way that it responds to various opinions of local wineries. For example, the system in EU, which is the base of the GI system on Japan-wine repeated revisions from when it was first implemented up to today. In future, the GI system in Japan should also be improved to its original system regarding grape varieties and demarcation of areas in order to express the local characteristics of wine.

6. Conclusion

6-1. Solutions to Problems

6-1-1. Wide Recognition Among Consumers

As mentioned earlier, wide recognition among consumers is needed when introducing GI. The problem is that if consumers are not informed sufficiently, GI would not gain merits that would exceed costs of introducing it.

One solution to this problem is to use PR such as CM promotions by the government and wine-related events. However, in reality, budget is not enough for these promotions. Thus, focusing on some areas when doing PR is important. PR to metropolitan areas especially Tokyo, which has an information transmitting power and a high consumption level of wine, can be effective.

6-1-2. Lowered Image of Wine Other Than Japan-Wine Among Consumers

We heard many opinions that expect an increased image of Japan-wine. On the other hand, some wineries are concerned that a wrong image would be added to domestically produced wine that use imported concentrated juice as being coarse wine.

Wine made of imported concentrated juice can bring a stable production with low prices without an impact from fluctuation of grape production even though its quality is not high. Therefore, it could be sold as normal consumed wine. In light of these facts, wine using imported concentrated juice is segregated from Japan-wine, which only uses domestically produced fresh grapes and so requires a high quality. Thus, wine other than Japan- wine would not be driven out of the market by an increase in the consumption of Japan-wine. On the other hand, consumption of wine using concentrated juice would decrease drastically if consumers misinterpret wine other than Japan-wine as wine that is not accepted in the world. Filling this low priced wine with Japan-wine in a short term is difficult. Thus, there is a high possibility of this low priced wine substituted by imported wine. Another possibility is that Japan-wine with low quality in low prices is produced in a large scale. There are some wineries that began substituting wine made of imported concentrated juice with imported wine since wine that is imported in bulk and bottled in the country is treated as imported wine. Therefore, it is also important to correct consumers' misinterpretation of wine using concentrated juice especially using imported concentrated juice is not accepted in the world.

6-1-3. Increased Price and Lowered Quality of Grapes

Demand of domestically cultivated wine grapes would also increase as demand of Japan-wine increases through the introduction of GI. Increase in the demand would lead to an increase in grape prices, and this increase in the cost would directly affect the price of wine.

Also, area of farmlands in Japan is limited so that quality of grapes would lower when farmers pursue their profits only and tried to gain excessive yields from the same size of area.

As one solution to these problems, wineries and vine farmers can agree on a cultivation contract. Wineries decide purchase prices of grapes per area unit. Contracted profits are expected even if farmers reduce the amount of yields of grapes because there is no need to increase the yields in the contracted areas. Thus, quality should not be lowered. Moreover, a problem regarding an increase in grape prices would also be avoided because wineries decide their purchase prices beforehand.

6-1-4. Development of Wine Industry

In order for wine industry to develop, new entries to both wineries and vine farmers are important. Also, new comers can lead to development of wine industry by acquiring a correct understanding of making wine and grapes.

To have new comers in wine industry, contract farming that is mentioned earlier works. By setting purchase prices of grapes before they are made, the reduction ration via vine farmers increases, and their profits increase. As a result, wine industry can bring in new comers. Moreover, supports for these new comers from the government are also needed. For example of a solution, a prefecture can buy vacant farmlands and can sell them to the new comers.

A positive link is expected if the GI system when properly managed strengthens a local brand. For example, if the branding power of an area is strong, this area can attract new winery entries. Also, quality of the local wine industry would improve if many wineries gathered in an area. After that, new wineries that are attracted to the local brand could enter the industry.

6-1-5. Improvement in Evaluation System

In Yamanashi, which is currently certified as GI, wine can undergo evaluation checks once a month. However, it takes too long for wine to be distributed in market after its production. Also, there are wine that has given up requesting for GI because of a bad timing.

Solution to this problem is simple. Times of evaluation checks should be increased. To increase this number, numbers of inspectors should be increased. However, increasing the number of public servants is not feasible. Increasing the opportunities of checks needs personnel recruitment, but is hard. Thus, the government should improve the structure of evaluation checks or shoulder costs of the government to use private evaluation organizations.

6-1-6. Clarification of Standards

Through an appropriate performance of the GI system, characteristics of an area of origin grow, and this origin can be differentiated from other regions. However, there is a risk that characteristics of wineries in the same region would be lost if the system is too detailed. Or, if the system is too loose, there is a possibility that the characteristics of an origin could not be expressed. Also, if the standards of the system are vague, unnecessary confusion could occur. For example, an area of origin is currently defined as a units of a city, town or a village. In a case in which this definition system causes confusion, create attractive exporting products through a demarcation of origins according to distance or geographical environment like climate can be considered. Although current system is simply mimicking the French system, standards should be adjusted to what are appropriate for Japanese origins as promotion of wine industry in Japan develops.

6-1-7. Strategies for Exportation

Today, many wineries see Asian countries as attractive markets. This is because these countries have increased curiosity toward wine and their markets are expanding. Also, standards, which are keys for exportation, are less strict. In order for wineries to make a profit from exporting wine in future, expansion in exportation to Asian countries is important. GI as a marketing strategy would add a high value to Japan-wine and can expect an expansion in its exportation.

However, a high evaluation in wine-related information centers of EU countries is needed in order for Japan-wine to increase its recognition in the world. Yet, gaining a high evaluation in EU is difficult. Also, there is a limitation for wineries to export their products to EU countries by themselves. Thus, the government should support their exportation to EU countries as a first priority and should give Japan-wine a position in these countries.