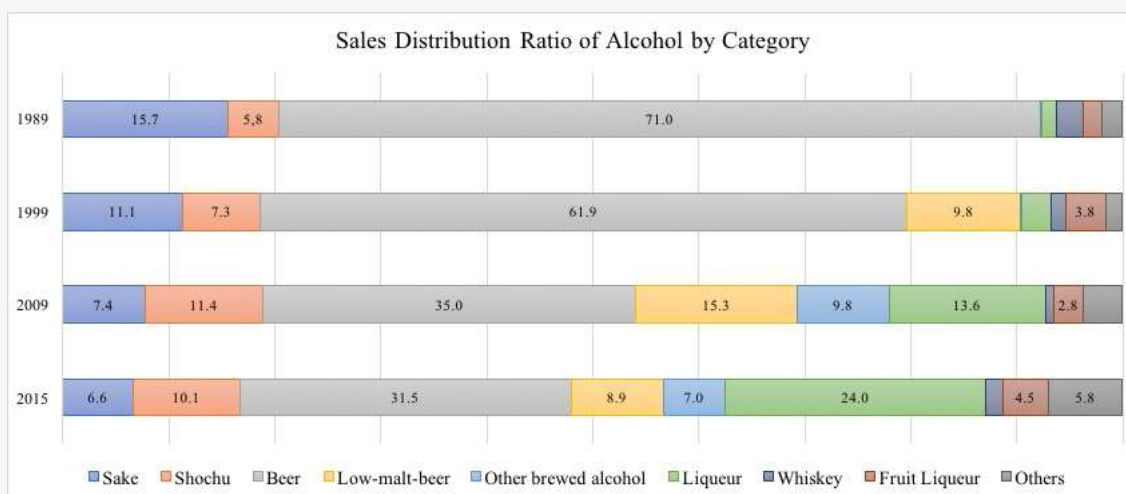


Alcoholic Beverages: Beer and Wine

July 10, 2017

~ Craft Beers and Foreign Brand Beers Continue to Grow ~

The size of the Japanese alcoholic beverage market is moving at around JPY3.6 trillion. While the shares taken by beer and sake are falling, liqueurs and whisky are rising. According to 2015 data from the National Tax Administration Agency, low-alcohol beverages have a 70% share overall. Of that 70%, 30% is beer (2.76M kL) and 40% consists of *happoshu* malt liquor (760,000 kL), liqueurs (2.16M kL, mainly *chuhai* and other new-genre beverages), and fermented liquor (520,000 kL).



Sources: National Tax Administration Agency

Beer

Sales of craft beers and foreign brand beers continue their rising trend. The top brands of imported beer are the familiar Heineken, Budweiser, Corona, and Carlsberg. The Belgian brands Hoegaarden and Chimay, which have been expanding, enjoy stable popularity. The import volume of Blue Moon, the biggest brand in craft beer, is small, but the brand has strong popularity. The popular Asian brands are Singha and Qingdao Beer.

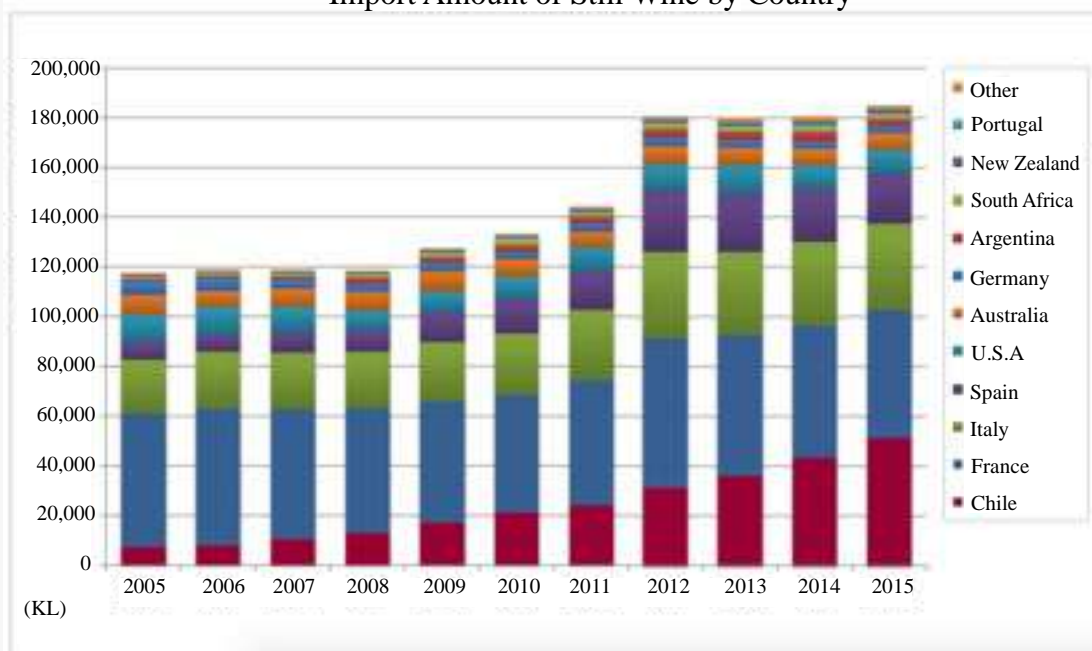
Shipment volumes of craft beers have been rising consistently in recent years, and they are being closely watched as triggers for new demand. Many foodie magazines and the general press are presenting craft beer features, and beer pubs and beer events are popping up everywhere. More shops are expanding their related sales areas in response to demand, and even convenience stores are starting to stock craft beers. Demand for events such as the Oktoberfest for German beer and the Belgian Beer Weekend is boosting beer imports.

The official Oktoberfest website says that 460,000 people visited a total of nine festival sites in 2016. While drinking from bottles is getting established as a cool drinking style at the World Cup and other sports events, and at music festivals, suggestions for the drinking style of pouring a carefully-picked beer into a glass to drink with a meal like wine are becoming increasingly prominent.

Wine and Sparkling Wine

The red wine boom began in the second half of 1997, as the role of polyphenols, such as are found in red wine, in maintaining health started attracting attention. The Japanese red wine market grew explosively in 1998. From 2000, wine had taken an established position as an everyday alcoholic drink. In 2015, import volume of Chilean wine overtook those of French wine to take the top position for the first time in the history of imports to Japan. Its rise has been backed by a EPA which Chile agreed with Japan ahead of other countries. Alpaca Chilean wine has increased its volume by 38%, to reach nearly 150,000 cases. The American-produced brands Franzia and Carlo Rossi, which had been the top two imported brands, each dropped in volume by around 10%. In fourth place and below, Frontera, Cono Sur, and Ladera Verde are all Chilean, before Tree Bear, which is Australian wine bottled in Japan, breaks in at seventh place. Of the top ten brands, six are Chilean wines, dominating the market with the price advantage provided by the EPA agreement and bottling in Japan.

Import Amount of Still Wine by Country

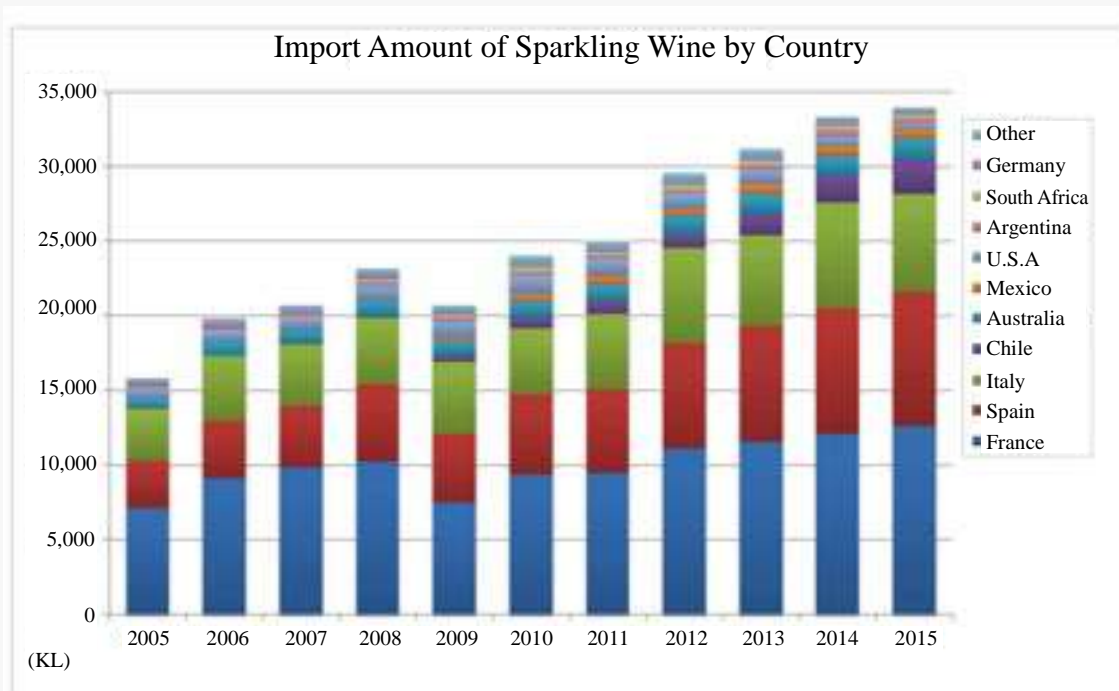


Sources: National Tax Administration Agency

In sparkling wines, the Champagne brand Moët et Chandon has an overwhelming lead. The

runners-up are Cafe de Paris from France, Freixenet from Spain, Veuve Cliquot from the Champagne region, Martini from Italy, Valdivieso from Chile, Santero and Gancia from Italy, and Sunrise from Chile.

Since 2010, sales of reasonably-priced sparkling wines priced at JPY2,000 or less for mainly the home market have been strong, and the import volume is roughly double what it was 10 years earlier. Over the last few years, Chilean sparkling wine has been expanded like Chilean still wine did.



Sources: National Tax Administration Agency