

FYI

BEER

## Suds on tap for summer thirsts

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*The unbearably hot and humid summer is peak beer season in Japan. Here are some facts about the nation's beer market and its taxes, as well as regulations related to the alcoholic beverage:*

### **How many beer products does Japan produce, and how much is consumed? How does Japan compare with other countries?**

Japanese brewers produced a combined 6.36 million kiloliters of beer in 2005. According to an annual survey by Kirin Brewery Co. of brewery associations around the world, that places Japan seventh on the list of beer producers after China, the United States, Germany, Brazil, Russia and Mexico.

Japan consumed 6.34 million kiloliters of beer products in 2005, sixth in the world after China, the U.S., Germany, Brazil and Russia.

However, by per capita consumption, Japanese are not particularly heavy beer drinkers. In 2005, people here on average drank 49.6 liters — or 78.4 633-ml bottles — ranking 38th in the world.

Czechs topped the list, consuming on average 155.9 liters, or 246.3 bottles. Next came the Irish (122.2 liters, or 192.7 bottles), followed by the Germans (115.2 liters, or 182 bottles), Austrians (109 liters, or 172.2 bottles), Australians (107.7 liters, or 170.1 bottles) and Britons (95.6 liters, or 151 bottles).

Americans ranked 14th, consuming 80.6 liters, or 127.3 bottles. The Chinese ranked 57th, consuming only 24.4 liters, or 38.5 bottles.

## **What is the difference between beer and "happoshu"?**

The liquor tax law stipulates that beer be made by the fermentation of malt, hops and water, with an alcohol level under 20 percent. It can also be made from wheat, rice or other starch sources and water. But to be labeled as beer, more than two-thirds of the ingredients other than hops and water must be malt.

Happoshu is similar to beer and contains malt, although there is no stipulation on how much.

In the past few years, brewers have introduced another carbonated alcoholic beverage that tastes like beer known as "third-type beer." Instead of malt, ingredients include peas, soybeans or corn. Some are also made by combining happoshu and spirits.

## **Compared with other alcoholic beverages, how does beer do on the market?**

More beer is consumed in Japan than any other type of alcohol, including sake, "shochu" distilled spirits, wine and whiskey. In 2005, beer comprised 38 percent of the market, according to the National Tax Agency.

In recent years, however, beer consumption has trended downward. The 2005 figure was nearly half that of 1995. This is largely due to the rise in consumption of cheaper low-malt beers. People are also turning to other options, including shochu and wine.

## **How heavily is beer taxed?**

Including consumption tax, 46.2 percent of the cost is tax. Of the ¥337 you pay for a 633-ml bottle, ¥140.52 goes for the liquor tax, ¥16.5 for the consumption tax and ¥180.43 for the product itself.

As for happoshu, 35.6 percent of the cost is tax. Of the ¥152 you shell out for a 350-ml can, ¥46.98 goes to the liquor tax, ¥7 to the consumption tax and ¥90.02 for the product.

Because of differences in tax rules, brewers started introducing happoshu around the mid-1990s as a cheaper alternative to beer.

The percentage of tax imposed on beer is particularly high

compared with other alcoholic beverages. For example, the rate is 16.2 percent for sake, 36 percent for shochu and 22.5 percent for whiskey.

The tax on beer here is higher than in other countries. According to the Brewers Association of Japan, the percentage of liquor tax on beer in Japan is about seven times higher than in France and the U.S., nine times higher than Germany and twice that of the United Kingdom.

Because alcohol is a nonessential item that consumers to some extent will buy regardless of price, the government sees it as a stable source of tax revenue, and the contribution of beer is substantial.

However, breweries say that unlike the old days, beer is a mass consumption item and the high tax should be lowered.

### **New products seem to pop up regularly on the market. How often does this occur?**

Each brewery has its own strategy. A spokesman for the Brewers Association of Japan said there is no clear trend in timing the launch of new products. In the competitive beer market, the ultimate goal is to market products that can win over consumers and not just be passing fads, he said.

### **Are there rules on running beer and other alcohol advertisements?**

Based on government regulations, the industry has compiled its own guidelines, mainly to reduce exposure to minors. For example, beer and other alcohol commercials can't air before 6 p.m. on weekdays and before noon on weekends and national holidays.

Individuals especially popular with minors should not appear in ads, nor should the ads appear in youth-oriented programs, magazines or Web sites.

### **What are the penalties for drunken driving?**

By law, no one with any amount of alcohol in their system is allowed behind the wheel, nor is it permissible to knowingly allow a drunken person to drive.

Punishments are getting stiffer for offenders. According to the revised version of the law to take effect by September, driving

under the influence of alcohol can land someone in prison for up to five years instead of the current three, while fines have been increased to up to ¥1 million instead of the current ¥500,000.

Letting a drunken person drive, offering alcohol to a driver or even sitting in the passenger seat with a drunken driver are also punishable offenses.

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