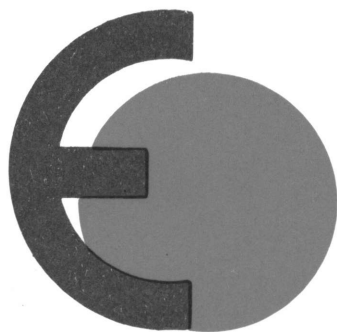


STUDY ON EC WINES AND LIQUOR EXPORTS TO JAPAN

Volume II: ANNEXES



Report
for the Commission of the European Communities
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September 1985

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Table 1.1 BREAKDOWN OF THE JAPANESE LIQUOR MARKET

TAX-LEVIED EX-FACTORY SHIPMENTS: DOMESTIC

(unit: '000 kl, % share)

	1971		1979		1980		1981		1982		1983		1984	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Beer	3,053 100	59.9	4,499 147	66.1	4,541 149	66.3	4,629 152	66.6	4,777 156	67.0	4,942 162	66.8	4,678 153	65.3
Sake	1,568 100	30.8	1,583 101	23.3	1,559 99	22.8	1,547 99	22.3	1,509 96	21.2	1,482 95	20.0	1,349 86	18.8
Shochu	196 100	3.9	249 127	3.7	242 123	3.5	251 128	3.6	299 153	4.2	390 199	5.3	543 277	7.6
Whisky	140 100	2.7	296 212	4.4	322 230	4.7	331 236	4.8	341 244	4.8	359 256	4.9	295 204	4.0
Fruit Wine	35 100	0.7	52 149	0.8	55 157	0.8	55 157	0.8	65 186	0.9	72 206	1.0	65 189	0.9
Mirin	36 100	0.7	64 178	0.9	69 192	1.0	68 189	1.0	69 192	1.0	74 206	1.0	76 211	1.1
Liqueur	22 100	0.4	22 100	0.3	23 105	0.3	23 105	0.3	25 114	0.4	28 127	0.4	89 405	1.2
Synthetic Sake	32 100	0.6	22 69	0.3	21 66	0.3	20 63	0.3	21 66	0.3	22 69	0.3	20 63	0.3
Brandy	5 100	0.1	9 180	0.1	11 220	0.2	13 260	0.2	14 280	0.1	18 360	0.2	16 320	0.2
Spirits	9 100	0.2	7 78	0.1	7 78	0.1	7 78	0.1	8 89	0.1	11 122	0.1	39 433	0.5
Other (Miscellaneous liquors)	0.03 100	0.0	1 3,333	0.0	1 3,333	0.0	2 6,667	0.0	3 10,000	0.0	3 10,000	0.0	7 23,333	0.1
Total	5,096 100	100%	6,804 134	100%	6,851 134	100%	6,947 136	100%	7,131 140	100%	7,401 146	100%	7,168 141	100%

Source: National Tax Administration Agency

Year: Calendar Year

Table 1.2 IMPORTS OF ALCOHOLIC PRODUCTS, BY TYPE

		(unit: '000 kl)						
		<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Beer		0.64	9.81	11.64	16.72	19.99	21.45	10.52
Sake		-	0.76	0.68	0.79	1.10	1.15	1.29
Whisky	Bulk	5.21	25.59	27.92	29.36	28.00	31.00	28.31
	Bottled	3.73	33.22	31.91	17.35	23.55	22.83	23.04
	Total	8.94	58.81	59.83	46.71	51.55	53.83	51.35
Brandy	Bulk	0.67	2.37	2.83	3.81	4.14	5.42	4.70
	Bottled	0.65	6.07	6.39	7.08	7.08	7.64	7.70
	Total	1.32	8.44	9.22	10.89	11.22	13.06	12.40
Wine	Bulk	-	13.35	19.21	17.21	19.96	27.33	26.48
	Bottled	1.47	11.92	11.07	13.11	14.45	17.14	19.73
	Total	1.47	25.27	30.28	30.32	34.41	44.47	46.21
Champagne & sparkling wine		0.04	1.88	1.71	1.94	2.24	1.92	2.36
Vermouth		1.25	1.15	1.40	1.58	1.58	1.48	1.27
Sherry/port/madeira		0.09	0.40	0.34	0.41	0.47	0.30	0.34
Rum		4.87	0.64	0.76	0.91	1.03	0.95	1.25
Gin		0.59	0.25	0.26	0.26	0.37	0.39	0.50
Other distilled alcoholic beverages		0.10	0.39	0.70	0.80	0.78	1.12	2.45
Liqueurs		0.26	0.82	0.62	0.75	1.19	0.97	1.18
Other fermented beverages*		0.23	1.79	1.93	1.71	2.78	2.80	3.18
Other spiritous beverages		-	0.04	0.08	0.06	0.09	0.07	0.05
<u>Total</u>		<u>19.8</u>	<u>110.45</u>	<u>119.45</u>	<u>113.85</u>	<u>128.80</u>	<u>143.96</u>	<u>134.35</u>
Index (1971=100)		100	558	603	575	651	727	679

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

* Total of Apple Wine & Pear Wine

Table 1.2 IMPORTS OF ALCOHOLIC PRODUCTS, BY TYPE (Continued)

		(unit: million Yen)						
		1971	1979	1980	1981	1982	1983	1984
Beer		89	1,855	2,172	2,967	4,163	4,279	2,027
Sake		-	113	124	125	193	191	199
Whisky	Bulk	2,187	11,864	14,970	14,315	14,732	13,970	12,163
	Bottled	3,008	26,803	29,480	14,581	20,866	18,416	17,753
	Total	5,195	38,667	44,450	28,896	35,598	32,386	29,916
Brandy	Bulk	368	1,431	1,847	2,215	2,332	2,894	2,513
	Bottled	1,060	11,559	12,564	12,925	13,060	12,768	12,617
	Total	1,428	12,990	14,411	15,140	15,392	15,662	15,130
Wine	Bulk	-	2,059	3,040	2,728	3,346	4,046	3,992
	Bottled	569	7,779	7,596	7,601	8,855	9,262	10,365
	Total	569	9,838	10,636	10,329	12,201	13,308	14,357
Champagne & sparkling wine		43	1,185	1,168	1,017	1,365	1,205	1,537
Vermouth		395	342	494	508	566	520	440
Sherry/port/madeira		55	268	254	298	388	249	268
Rum		221	236	295	322	446	368	378
Gin		240	160	198	170	257	228	273
Other distilled alcoholic beverages		*125	162	276	333	408	431	776
Liqueurs		175	738	719	704	1,118	839	1,114
Other fermented beverages*		-	451	563	698	984	1,017	1,223
Other spirituous beverages		-	37	85	63	85	60	46
Total		8,533	67,042	75,845	61,570	73,164	70,743	67,684
Index (1971=100)			786	889	722	857	829	793

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

* Total of Apple Wine & Pear Wine

* Other spirituous beverages + Other distilled alcoholic beverages.

Table 1.3 TAX-LEVIED SHIPMENTS OF DOMESTIC ALCOHOLIC BEVERAGES VS TAX-LEVIED IMPORTS: ALL CATEGORIES

(unit: '000 kl)

		1971		1979		1980		1981		1982		1983		1984	
		Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
Beer	Domestic	3,053	59.8	4,499	65.5	4,541	65.7	4,629	66.0	4,777	66.3	4,942	66.1	4,678	64.7
	Imported	1	0.0	9	0.1	11	0.2	17	0.2	19	0.3	21	0.3	10	0.1
	Total	3,054	59.8	4,503	65.6	4,552	65.9	4,646	66.2	4,796	66.6	4,963	66.4	4,688	64.8
	Index (1971=100)	100		148		149		152		157		163		154	
Sake & Mirin	Domestic	1,637	32.1	1,668	24.3	1,649	23.9	1,635	23.3	1,599	22.2	1,578	21.1	1,445	20.0
	Imported	-	-	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	Total	1,637	32.1	1,668	24.3	1,649	23.9	1,635	23.3	1,599	22.2	1,578	21.1	1,445	20.0
	Index (1971=100)	100		102		101		100		98		96		88	
Shochu	Domestic	196	3.8	249	3.6	242	3.5	251	3.6	299	4.2	390	5.2	543	7.5
	Imported	-	-	-	-	-	-	-	-	-	-	0	-	1	0.0
	Total	196	3.8	249	3.6	242	3.5	251	3.6	299	4.2	390	5.2	544	7.5
	Index (1971=100)	100		127		123		128		153		199		278	
Western Style ^a	Domestic	210	4.1	388	5.6	419	6.1	432	6.2	457	6.3	491	6.6	502	6.9
	Imported	7	0.2	54	0.8	43	0.6	48	0.7	49	0.7	54	0.7	56	0.8
	Total	217	4.3	442	6.4	462	6.7	480	6.9	506	7.0	545	7.3	558	7.7
	Index (1971=100)	100		204		213		221		233		252		257	
Total ^a	Domestic	5,096	99.8	6,804	99.1	6,851	99.2	6,947	99.1	7,132	99.0	7,401	99.0	7,168	99.1
	Imported	8	0.2	63	0.9	54	0.8	65	0.9	68	1.0	75	1.0	67	0.9
	Total	5,104	100.0	6,867	100.0	6,905	100.0	7,012	100.0	7,200	100.0	7,476	100.0	7,235	100.0
	Index (1971=100)	100		135		135		137		141		146		142	

Source: National Tax Administration Agency

Year: Calendar Year

* 1971: Domestic: Calendar Year
Imported: Fiscal Year

* miscellaneous liquors included

Table 1.4 TAX-LEVIED SHIPMENTS OF DOMESTIC ALCOHOLIC BEVERAGES VS TAX-LEVIED IMPORTS: WESTERN STYLE

(unit: '000 kl)

		1971		1979		1980		1981		1982		1983		1984	
		Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
Whisky	Domestic	139.6	64.4	296.0	67.4	321.6	70.0	330.9	69.4	341.5	68.0	359.0	66.5	285.0	51.9
	Imported	2.9	1.3	31.9	7.3	20.4	4.5	22.4	4.7	21.6	4.3	22.1	4.1	20.2	3.7
	Total	142.5	65.7	327.9	74.7	342.0	74.5	353.3	74.1	363.1	72.3	381.1	70.6	305.2	55.6
Wines	Domestic	35.2	16.2	51.6	11.8	54.6	11.9	55.4	11.6	64.8	12.9	72.3	13.4	66.3	12.1
	Imported	2.1	1.0	14.9	3.4	14.5	3.2	17.1	3.6	18.2	3.6	21.9	4.0	24.7	4.5
	Total	37.3	17.2	66.5	15.2	69.1	15.1	72.5	15.2	83.0	16.5	94.2	17.4	91.0	16.6
Brandy	Domestic	5.0	2.3	9.0	2.1	11.3	2.5	12.9	2.7	14.4	2.9	17.5	3.2	16.3	2.9
	Imported	0.5	0.2	4.6	1.0	5.3	1.1	5.7	1.2	6.1	1.2	6.5	1.2	6.5	1.2
	Total	5.5	2.5	13.6	3.1	16.6	3.6	18.6	3.9	20.5	4.1	24.0	4.4	22.8	4.1
All Spirits	Domestic	8.8	4.1	7.0	1.6	7.0	1.5	7.3	1.5	8.2	1.6	11.1	2.0	39.0	7.1
	Imported	0.8	0.4	1.0	0.2	1.0	0.2	1.2	0.3	1.2	0.3	1.4	0.3	1.7	0.3
	Total	9.6	4.5	8.0	1.8	8.0	1.7	8.5	1.8	9.4	1.9	12.5	2.3	40.7	7.4
Liqueurs	Domestic	21.7	10.0	22.2	5.1	23.0	5.0	23.0	4.8	25.3	5.0	27.5	5.1	88.7	16.1
	Imported	0.2	0.1	0.6	0.1	0.6	0.1	0.8	0.2	0.9	0.2	0.9	0.2	1.1	0.2
	Total	21.9	10.1	22.8	5.2	23.6	5.1	23.8	5.0	26.2	5.2	28.4	5.3	89.8	16.3
<u>Total Domestic</u>		<u>210.3</u>	<u>97.0</u>	<u>385.8</u>	<u>88.0</u>	<u>417.5</u>	<u>90.9</u>	<u>429.5</u>	<u>90.0</u>	<u>454.2</u>	<u>90.4</u>	<u>487.4</u>	<u>90.2</u>	<u>495.3</u>	<u>90.1</u>
<u>Total Imported</u>		<u>6.5</u>	<u>3.0</u>	<u>53.0</u>	<u>12.0</u>	<u>41.8</u>	<u>9.1</u>	<u>47.2</u>	<u>10.0</u>	<u>48.0</u>	<u>9.6</u>	<u>52.8</u>	<u>9.8</u>	<u>54.2</u>	<u>9.9</u>
<u>GRAND TOTAL</u>		<u>216.8</u>	<u>100.0</u>	<u>438.8</u>	<u>100.0</u>	<u>459.3</u>	<u>100.0</u>	<u>476.7</u>	<u>100.0</u>	<u>502.2</u>	<u>100.0</u>	<u>540.2</u>	<u>100.0</u>	<u>549.5</u>	<u>100.0</u>

Source: National Tax Administration Agency

Year: Calendar Year

Note: miscellaneous liquors not included

Table 1.5 TAX-LEVIED SHIPMENTS OF DOMESTIC ALCOHOLIC BEVERAGES VS IMPORTS: WESTERN STYLE

(unit: '000 kl)

		<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
		<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
Gin	Domestic	7.2	49.7	2.0	24.0	1.8	20.5	1.8	19.4	1.7	16.5	1.7	12.5	1.5	3.5
	Imported	0.6	4.1	0.3	3.7	0.3	3.4	0.3	3.2	0.4	3.9	0.4	2.9	0.5	1.1
	Total	7.8	53.8	2.3	27.7	2.1	23.9	2.1	22.6	2.1	20.4	2.1	15.4	2.0	4.6
Rum	Domestic	0.8	5.5	1.6	19.3	1.8	20.4	1.9	20.4	1.9	18.5	2.0	14.7	2.1	4.9
	Imported	4.9	33.8	0.6	7.2	0.8	9.1	0.9	9.7	1.0	9.7	1.0	7.4	1.2	2.8
	Total	5.7	39.3	2.2	26.5	2.6	29.5	2.8	30.1	2.9	28.2	3.0	22.1	3.3	7.7
Vodka + Others	Domestic	0.9	6.2	3.4	41.0	3.4	38.6	3.6	38.7	4.5	43.7	7.4	54.4	35.3	81.9
	Imported	0.1	0.7	0.4	4.8	0.7	8.0	0.8	8.6	0.8	7.7	1.1	8.1	2.5	5.8
	Total	1.0	6.9	3.8	45.8	4.1	46.6	4.4	47.3	5.3	51.4	8.5	62.5	37.8	87.7
All Spirits	Domestic	8.9	61.4	7.0	84.3	7.0	79.5	7.3	78.5	8.1	78.7	11.1	81.6	38.9	90.3
	Imported	5.6	38.6	1.3	15.7	1.8	20.5	2.0	21.5	2.2	21.3	2.5	18.4	4.2	9.7
	Total	14.5	100	8.3	100	8.8	100	9.3	100	10.3	100	13.6	100	43.1	100.0

Source & Year: Domestic : Japan Western-style Alcoholic Beverages Producers' Association
Calendar Year

Imported : Ministry of Finance (Japan Exports & Imports)
Calendar Year

Table 1. 6 TAX-LEVIED SHIPMENTS OF SAKE AND SHOCHU BY TYPE/CLASS

(unit: '000 kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
Sake														
Tokkyu	81.6	4	71.7	4	64.5	3	57.6	3	51.0	2.7	46.7	2.4	38.2	2.0
1st class	679.3	37	918.4	48	872.4	46	837.6	44	788.3	41.5	765.5	38.9	650.4	32.7
2nd class	807.3	44	592.4	31	622.3	33	651.6	35	670.0	35.3	669.3	34.0	660.1	33.2
<u>Total</u>	1,568.2	85	1,582.5	83	1,559.2	82	1,546.9	82	1,509.2	79.5	1,481.5	75.3	1,348.7	67.9
Index (1971=100)	100		101		99		99		96		94		86	
"Gosei" Sake	32.4	2	21.9	1	20.6	1	20.5	1	21.1	1.1	22.1	1.1	20.2	1.0
Index (1971=100)	100		68		64		63		65		68		62	
Mirin	35.9	2	64.1	3	69.1	4	68.4	4	69.2	3.7	74.1	3.8	75.9	3.8
Index (1971=100)	100		179		192		191		193		206		211	
Shochu														
Ko	144.1	8	143.6	7	136.0	7	139.8	7	168.0	8.8	226.2	11.5	326.4	16.4
Otsu	51.7	3	105.9	6	105.8	6	110.8	6	131.4	6.9	163.8	8.3	216.9	10.9
<u>Total</u>	195.9	11	249.5	13	241.9	13	250.6	13	299.4	15.7	390.0	19.8	543.3	27.3
Index (1971=100)	100		127		123		128		153		199		277	
<u>Total</u>	<u>1,832.4</u>	<u>100</u>	<u>1,918.0</u>	<u>100</u>	<u>1,890.8</u>	<u>100</u>	<u>1,886.4</u>	<u>100</u>	<u>1,898.9</u>	<u>100.0</u>	<u>1,967.7</u>	<u>100.0</u>	<u>1,988.1</u>	<u>100.0</u>
Index (1971=100)	100		105		103		103		104		107		108	

Source: National Tax Administration Agency

Year: Calendar Year

Table 1.7 TAX-LEVIED SHIPMENTS OF DOMESTIC WHISKY VS TAX-LEVIED IMPORTS

	(unit: kl)						
	<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
DOMESTIC							
Special Class	38,486	159,570	176,689	174,504	172,469	176,957	131,138
Share (%)	28	54	55	53	50	49	46
First Class	20,230	42,719	48,822	51,246	54,439	58,873	51,183
Share (%)	14	14	15	15	16	17	18
Second Class	80,893	94,124	96,071	105,146	114,570	123,174	102,709
Share (%)	58	32	30	32	34	34	36
<u>Domestic Subtotal</u>	<u>139,614</u>	<u>295,945</u>	<u>321,587</u>	<u>330,891</u>	<u>341,477</u>	<u>359,009</u>	<u>285,030</u>
Share (%)	100	100	100	100	100	100	100
Index (1971=100)	100	212	230	237	245	257	204
% of total whisky shipments	98	90	94	94	94	94	93
<u>Imported Subtotal</u>	<u>2,855</u>	<u>31,865</u>	<u>20,354</u>	<u>22,362</u>	<u>21,609</u>	<u>22,126</u>	<u>20,185</u>
Share (%)	100	100	100	100	100	100	100
Index (1971=100)	100	1,116	713	783	757	775	707
% of total whisky shipments	2	10	6	6	6	6	7
Imported whisky as % of special class domestic whisky	7	20	12	13	13	13	15
<u>GRAND TOTAL</u>	<u>142,469</u>	<u>327,810</u>	<u>341,941</u>	<u>353,253</u>	<u>363,086</u>	<u>381,135</u>	<u>305,215</u>
Index (1971=100)	100	230	240	248	255	268	214

Source: National Tax Administration Agency

Year : Calendar Year

Table 1.8 WHISKY IMPORTS: BOTTLED

	(unit: kl)						
	<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
<u>IMPORTED</u>							
Bourbon	162	955	640	884	858	1,237	1,535
Share (%)	4.3	2.9	2.0	5.1	3.6	5.4	6.7
Canadian Rye	2	45	74	77	62	59	65
Share (%)	0.1	0.1	0.2	0.4	0.3	0.3	0.3
Scotch	3,482	31,393	30,427	15,685	21,679	20,468	20,177
Share (%)	93.3	94.5	95.4	90.4	92.1	89.7	87.5
Others	87	830	768	709	950	1,061	1,268
Share (%)	2.3	2.5	2.4	4.1	4.0	4.6	5.5
<u>Imported Subtotal</u>	3,733	33,223	31,909	17,355	23,549	22,825	23,045
Index (1971=100)	100	890	854	495	631	611	617
Share (%)	100	100	100	100	100	100	100

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

Table 1.9 TAX-LEVIED SHIPMENTS OF DOMESTIC WHISKY VS IMPORTS - SPECIAL CLASS

(Unit: kl)

	<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Domestic	38,486	159,570	176,689	174,504	172,469	176,957	131,138
% of total	92	84	85	92	89	90	87
Scotch	3,482	31,393	30,427	15,685	21,679	20,468	20,177
% of total	8	16	15	8	11	10	13
<u>Total</u>	41,968	190,963	207,116	190,189	194,148	197,425	151,315
Index (1971=100)	100	455	494	453	463	470	361
% of total Whisky	29	58	61	54	53	52	50

Source & Year : Domestic (Special Class): National Tax Administration Agency

Calendar Year

Scotch: Ministry of Finance (Japan Exports & Imports)

Calendar Year

Table 1.10 IMPORTS OF WHISKY*, BY COUNTRY: BULK

(unit: '000 kl)

	<u>1972</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
UK	6.4	100.0	25.3	98.8	27.2	97.5	24.7	84.6	25.2	91.6	26.8	86.5	24.5	86.6
USA	0.0	0.0	0.1	0.4	0.7	2.5	2.4	8.2	0.3	1.1	3.1	10.0	3.8	13.4
Canada	0.0	0.0	0.2	0.8	-	-	2.1	7.2	2.0	7.3	1.1	3.5	0.0	0.0
<u>Total</u>	<u>6.4</u>	<u>100.0</u>	<u>25.6</u>	<u>100.0</u>	<u>27.9</u>	<u>100.0</u>	<u>29.2</u>	<u>100.0</u>	<u>27.5</u>	<u>100.0</u>	<u>31.0</u>	<u>100.0</u>	<u>28.3</u>	<u>100.0</u>
Index (1972=100)	100		405		436		456		430		484		442	
<u>EC</u>	<u>6.4</u>	<u>100.0</u>	<u>25.3</u>	<u>98.8</u>	<u>27.2</u>	<u>97.5</u>	<u>24.7</u>	<u>84.6</u>	<u>25.2</u>	<u>91.6</u>	<u>26.8</u>	<u>86.5</u>	<u>24.5</u>	<u>86.6</u>

Source: Ministry of Finance (Japan Exports & Imports)

Year: Calendar Year

* Total of Bourbon, Rye Whisky & Other Type of Whisky

Table 1.11 IMPORTS OF WHISKY*, BY COUNTRY: BOTTLLED

(unit: kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
UK	N/A	N/A	31,393	94.5	30,427	95.4	15,685	90.4	21,679	92.1	20,468	89.7	20,177	87.5
USA	N/A	N/A	1,180	3.6	884	2.8	1,126	6.5	1,202	5.1	1,709	7.5	2,008	8.7
Canada	N/A	N/A	476	1.4	387	1.2	415	2.4	455	1.9	502	2.2	611	2.7
Ireland	N/A	N/A	82.9	0.2	25	0.1	73	0.4	120	0.5	81	0.4	76	0.3
FRG	N/A	N/A	0.8	0.0	179	0.5	3	0.0	29	0.1	28	0.1	15	0.1
France	N/A	N/A	6.4	0.0	-	-	9	0.1	31	0.1	25	0.1	158	0.7
Netherlands	N/A	N/A	-	-	-	-	-	-	-	-	5	0.0	-	-
India	N/A	N/A	0.9	0.0	4	0.0	5	0.0	-	-	4	0.0	-	-
Others	N/A	N/A	84	0.3	3	0.0	39	0.2	33	0.2	4	0.0	-	-
Total	3,733	100.0	33,224	100.0	31,909	100.0	17,355	100.0	23,549	100.0	22,826	100.0	23,045	100.0
Index (1971=100)	100		890		854		495		631		611		617	
EC	N/A	N/A	31,483	94.8	30,631	96.0	15,783	90.9	21,890	93.0	20,609	90.3	20,425	88.6

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

* Total of Bourbon, Rye Whisky & Other Type of Whisky

Table 1.12 TAX-LEVIED SHIPMENTS OF DOMESTIC WHISKY, BY MANUFACTURER: TOTAL

(unit: kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
Suntory	96,159	68.4	230,876	77.8	249,300	77.2	252,605	76.2	254,710	74.4	258,090	71.9	199,210	70.0
Index (1971=100)	100		240		259		263		265		268		207	
Nikka	32,060	22.8	46,550	15.7	50,150	15.5	53,430	16.1	56,090	16.4	58,800	16.4	47,935	16.9
Index (1971=100)	100		145		156		167		175		183		150	
Sanraku-Ocean	7,830	5.6	8,710	2.9	8,950	2.8	11,780	3.6	12,820	3.7	15,030	4.2	12,970	4.6
Index (1971=100)	100		111		114		150		164		192		166	
Kirin-Seagram	-	-	7,465	2.5	10,890	3.4	9,950	3.0	10,785	3.2	13,850	3.8	13,055	4.6
Index (1974=100=3860)	-		193		282		258		279		359		338	
Others	4,493	3.2	3,197	1.1	3,442	1.1	3,916	1.2	7,966	2.3	13,288	3.7	11,163	3.9
Index (1971=100)	100		71		77		87		177		296		248	
<u>Total</u>	<u>140,542</u>	<u>100.0</u>	<u>296,798</u>	<u>100.0</u>	<u>322,732</u>	<u>100.0</u>	<u>331,681</u>	<u>100.0</u>	<u>342,371</u>	<u>100.0</u>	<u>359,058</u>	<u>100.0</u>	<u>284,333</u>	<u>100.0</u>
Index (1971=100)	100		211		230		236		244		255		202	

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)

Year : Calendar Year

Table 1.13 TAX-LEVIED SHIPMENTS OF DOMESTIC WHISKY BY CLASS AND BRAND: SPECIAL CLASS

(unit: '000 kl)

		1974		1979		1980		1981		1982		1983		1984	
		Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
Suntory	Old	52.0	60.2	102.1	65.3	108.1	61.5	104.0	60.1	99.4	56.7	91.2	50.9	60.2	45.6
	Reserve	4.6	5.3	20.1	12.9	26.9	15.3	30.1	17.4	35.1	20.0	42.0	23.5	36.5	27.7
	Royal	-	-	3.0	1.9	4.0	2.3	4.3	2.5	4.8	2.7	5.5	3.1	5.7	4.3
	Kaku	19.9	23.1	14.7	9.4	14.9	8.5	11.9	6.9	11.1	6.4	10.4	5.8	7.3	5.5
	21	-	-	-	-	-	-	-	-	-	-	1.8	1.0	0.9	0.7
	<u>Total</u>	<u>76.5</u>	<u>88.6</u>	<u>139.9</u>	<u>89.5</u>	<u>153.9</u>	<u>87.6</u>	<u>150.3</u>	<u>86.9</u>	<u>150.4</u>	<u>85.8</u>	<u>150.9</u>	<u>84.3</u>	<u>110.6</u>	<u>83.8</u>
	Index (1974=100)	100		183		201		196		197		197		145	
Nikka	Total	5.5	6.4	8.7	5.5	10.7	6.1	12.3	7.1	13.6	7.8	16.7	9.3	13.3	10.1
	Index (1974=100)	100		158		195		224		247		304		242	
Kirin Seagram	Robert Brown	3.8	4.4	6.5	4.2	8.8	5.0	7.3	4.2	8.2	4.7	8.2	4.7	5.5	4.2
	Emblem	-	-	0.7	0.4	1.7	1.0	2.4	1.4	2.3	1.3	2.3	1.3	1.9	1.4
	<u>Total</u>	<u>3.8</u>	<u>4.4</u>	<u>7.2</u>	<u>4.6</u>	<u>10.5</u>	<u>6.0</u>	<u>9.7</u>	<u>5.6</u>	<u>10.5</u>	<u>6.0</u>	<u>10.5</u>	<u>5.9</u>	<u>7.4</u>	<u>5.6</u>
	Index (1974=100)	100		189		276		255		276		276		195	
Sanraku- Ocean	12 Years + Others	0.5	0.6	0.6	0.4	0.6	0.3	0.6	0.4	0.7	0.4	0.9	0.5	0.6	0.5
	Index (1974=100)	100		233		233		233		267		333		120	
<u>Subtotal</u>		<u>86.3</u>	<u>100.0</u>	<u>156.4</u>	<u>100.0</u>	<u>175.7</u>	<u>100.0</u>	<u>172.9</u>	<u>100.0</u>	<u>175.2</u>	<u>100.0</u>	<u>179.0</u>	<u>100.0</u>	<u>131.9</u>	<u>100.0</u>
% of grand total		45.6		53.8		55.4		53.0		52.0		51.3		48.9	
Index (1974=100)		100		181		204		200		203		207		153	
<u>Grand Total</u> (Special+First+Second)		<u>189.3</u>	<u>100.0</u>	<u>290.6</u>	<u>100.0</u>	<u>317.1</u>	<u>100.0</u>	<u>326.4</u>	<u>100.0</u>	<u>337.1</u>	<u>100.0</u>	<u>348.9</u>	<u>100.0</u>	<u>269.6</u>	<u>100.0</u>
% of grand total		100.0		100.0		100.0		100.0		100.0		100.0		100.0	
Index (1974=100)		100		154		168		172		178		184		142	

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha: Estimation)

Year: Calendar Year

Table 1.14 TAX-LEVIED SHIPMENTS OF DOMESTIC WHISKY BY CLASS AND BRAND: FIRST CLASS

(unit: '000 kl)

	1974		1979		1980		1981		1982		1983		1984		
	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	
Suntory	White	10.7	43.0	27.0	64.4	32.0	68.1	36.2	71.7	39.7	74.1	41.4	71.6	32.8	71.5
	Gold Label	-	-	1.6	3.8	1.5	3.2	1.3	2.6	1.1	2.1	1.0	1.7	0.6	1.3
	Gold	5.2	20.9	1.6	3.8	1.5	3.2	1.4	2.7	1.1	2.1	1.0	1.7	0.6	1.3
	<u>Total</u>	15.9	63.9	30.2	72.0	35.0	74.5	38.9	77.0	41.9	78.3	43.4	75.0	34.0	74.1
	Index (1974=100)	100		190		220		245		264		273		214	
Nikka	Black	8.6	34.5	5.8	13.8	6.1	13.0	5.8	11.5	5.8	10.9	5.4	9.3	3.5	7.6
	Black 50	-	-	4.7	11.3	4.2	8.9	4.5	8.9	4.5	8.4	4.8	8.3	3.0	6.5
	<u>Total</u>	8.6	34.5	10.5	25.1	10.3	21.9	10.3	20.4	10.3	19.3	10.2	17.6	6.5	14.1
	Index (1974=100)	100		122		120		120		120		119		76	
Kirin- Seagram	News	-	-	-	-	-	-	-	-	-	-	3.4	5.9	4.8	10.5
	Dunbar	-	-	0.2	0.5	0.3	0.6	0.2	0.4	0.3	0.6	0.2	0.3	0.2	0.4
	<u>Total</u>	-	-	0.2	0.5	0.3	0.6	0.2	0.4	0.3	0.6	3.6	6.2	5.0	10.9
	Index (1974=100)	100		100		150		100		150		1,800		2,500	
Sanraku- Ocean	Total	0.4	1.6	1.0	2.4	1.4	3.0	1.1	2.2	1.0	1.8	0.7	1.2	0.4	0.9
	Index (1975=100)			250		350		275		250		175		100	
<u>Subtotal</u>	<u>24.9</u>	<u>100.0</u>	<u>41.9</u>	<u>100.0</u>	<u>47.0</u>	<u>100.0</u>	<u>50.5</u>	<u>100.0</u>	<u>53.5</u>	<u>100.0</u>	<u>57.9</u>	<u>100.0</u>	<u>45.9</u>	<u>100.0</u>	
% of grand total	13.1		14.4		14.8		15.5		15.9		16.6		17.0		
Index (1974=100)	100		168		189		203		215		233		184		
<u>Grand Total</u> (Special+First+Second)	<u>189.3</u>	<u>100.0</u>	<u>290.6</u>	<u>100.0</u>	<u>317.1</u>	<u>100.0</u>	<u>326.4</u>	<u>100.0</u>	<u>337.1</u>	<u>100.0</u>	<u>348.9</u>	<u>100.0</u>	<u>269.6</u>	<u>100.0</u>	
% of grand total	100.0		100.0		100.0		100.0		100.0		100.0		100.0		
Index (1974=100)	100		154		168		172		178		184		142		

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha: Estimation)

Year: Calendar Year

Table 1.15 TAX-LEVIED SHIPMENTS OF DOMESTIC WHISKY BY CLASS AND BRAND: SECOND CLASS

(unit: '000 kl)

	<u>1974</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
Suntory														
Red	33.3	42.6	47.7	51.7	45.2	47.9	48.7	47.3	52.3	48.2	53.3	47.6	43.8	47.7
Torys	9.8	12.6	10.4	11.2	12.8	13.6	13.4	13.0	13.1	12.1	12.7	11.3	10.5	11.4
<u>Total</u>	43.1	55.2	58.1	62.9	58.0	61.5	62.1	60.3	65.4	60.3	66.0	58.9	54.3	59.1
Index (1974=100)	100		135		135		144		152		153		126	
Nikka														
Hi-Nikka	22.5	28.8	23.6	25.6	24.3	25.7	25.5	24.8	26.4	24.9	27.0	24.1	20.5	22.3
Nikka	5.4	6.9	3.8	4.1	4.9	5.2	5.3	5.1	5.8	5.4	5.5	4.9	5.1	5.6
Northland	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Total</u>	27.9	35.7	27.4	29.7	29.2	30.9	30.8	29.9	32.2	29.7	32.5	29.0	25.6	27.9
Index (1974=100)	100		98.2		105		110		115		116		92	
Sanraku-Ocean														
White Ocean	5.3	6.8	5.4	5.9	5.2	5.5	7.9	7.7	8.3	7.7	9.6	8.6	9.4	10.3
Bright	1.8	2.3	1.4	1.5	2.0	2.1	2.2	2.1	2.5	2.3	3.9	3.5	2.5	2.7
<u>Total</u>	7.1	9.1	6.8	7.4	7.2	7.6	10.1	9.8	10.8	10.0	13.5	12.1	11.9	13.0
Index (1974=100)	100		95.8		101		142		152		190		168	
Subtotal	<u>78.1</u>	<u>100.0</u>	<u>92.3</u>	<u>100.0</u>	<u>94.4</u>	<u>100.0</u>	<u>103</u>	<u>100.0</u>	<u>108.4</u>	<u>100.0</u>	<u>112</u>	<u>100.0</u>	<u>91.8</u>	<u>100.0</u>
% of grand total	41.3		31.8		29.8		31.5		32.1		32.1		34.1	
Index (1974=100)	100		118		121		132		139		143		118	
Grand Total														
(Special+First+Second)	<u>189.3</u>	<u>100.0</u>	<u>290.6</u>	<u>100.0</u>	<u>317.1</u>	<u>100.0</u>	<u>326.4</u>	<u>100.0</u>	<u>337.1</u>	<u>100.0</u>	<u>348.9</u>	<u>100.0</u>	<u>269.6</u>	<u>100.0</u>
% of grand total	100.0		100.0		100.0		100.0		100.0		100.0		100.0	
Index (1974=100)	100		154		168		172		178		184		142	

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha: Estimation)

Year : Calendar Year

Table 1.16 IMPORT TRENDS OF MAJOR BRANDS: WHISKY

Liquor Type	(unit: No. of Cases)												
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>Standard Scotch Whisky</u>													
White Horse	66,000	200,000	300,000	430,000	440,000	446,000	510,000	590,000	510,000	550,000	520,000	500,000	415,000
Cutty Sark	29,600	100,000	250,000	265,000	404,500	410,000	450,000	480,000	450,000	380,000	330,000	276,000	280,000
Johnnie Walker R.	130,000	450,000	520,000	430,000	410,000	420,000	400,000	390,000	315,000	195,000	206,000	200,000	160,000
J & B	16,000	43,000	95,000	103,000	126,000	146,000	166,000	183,000	168,000	170,000	175,000	170,000	148,000
Ballantine	18,700	38,000	72,000	100,600	115,000	121,000	132,000	142,000	135,000	135,000	135,000	135,000	140,000
Haig	15,000	40,000	70,000	130,000	130,000	140,000	140,000	140,000	130,000	135,000	140,000	145,000	120,000
<u>Premium Scotch</u>													
Old Parr	12,000	25,000	55,000	53,000	60,000	70,000	95,000	115,000	60,000	94,000	118,000	166,000	172,000
Johnnie Walker B.	55,000	120,000	150,000	260,000	220,000	225,000	240,000	240,000	210,000	147,000	161,000	160,000	160,000
Chivas Regal	8,500	20,000	16,000	30,000	40,000	40,000	40,000	40,000	43,000	48,000	70,000	75,000	78,000
Ballantine's 12y.	1,600	4,000	7,000	8,000	10,000	10,300	14,000	14,500	15,000	18,000	30,000	32,000	35,000
Ballantine's 17y.	2,400	5,250	6,300	7,000	9,500	9,900	10,000	10,300	11,000	11,000			
Dimple	3,500	5,000	12,000	20,000	20,000	20,000	24,000	24,000	24,000	20,000	23,000	23,000	20,000
<u>*Pure Malt Scotch Whisky</u>													
Springbank	-	-	-	-	-	1,020	5,500	9,700	10,000	11,500	15,200	15,000	16,000
Glenfiddich	-	1,400	1,600	2,500	3,500	5,000	7,000	10,000	11,000	13,000	13,500	13,000	12,000
Cardhu	-	-	-	-	-	-	-	-	-	-	-	-	3,000
Britannia	-	-	-	-	-	-	800	4,500	5,000	5,000	6,000	4,000	2,000
The Glenlivet	-	1,000	700	700	1,800	1,800	1,800	1,800	3,000	3,000	2,600	2,000	2,000

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)*

The Japanese Liquor Market 1983 (Shokuhin Sangyo Shimbum-sha)

Year : Calendar Year

Table 1.17 IMPORT TRENDS OF MAJOR BRANDS: WHISKY

(unit: No. of Cases)

Liquor Type	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>Bourbon Whisky</u> *													
Early Times		6,000	12,000	30,000	60,000	45,000	35,000	41,000	40,000	48,000	50,000	55,000	57,000
I. W. Harper		3,000	6,000	8,500	15,000	11,000	11,000	12,000	11,000	20,000	21,000	27,000	36,000
Old Crow		1,500	1,700	2,000	3,500	3,400	850	2,000	2,400	3,000	4,000	4,000	9,000
Four Roses		300	250	1,500	2,750	3,000	1,000	500	1,850	3,000	5,500	6,000	9,000
Jim Bean		3,500	2,500	11,000	23,000	20,000	15,000	14,500	7,000	9,000	13,000	7,000	8,000

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)*
 The Japanese Liquor Market 1983 (Shokuhin Sangyo Shimbun-sha)

Year : Calendar Year

Table 1.18 TAX-LEVIED SHIPMENTS OF DOMESTIC BRANDY VS TAX-LEVIED IMPORTS

	(unit: kl)						
	<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
<u>DOMESTIC</u>							
Special Class	2,024	4,732	5,825	7,086	8,033	10,536	9,397
Share (%)	40.7	52.7	51.4	55.0	55.7	60.2	57.7
First Class	1,790	1,237	1,873	1,473	1,465	1,370	954
Share (%)	36.0	13.8	16.5	11.4	10.1	7.8	5.9
Second Class	1,162	3,006	3,633	4,329	4,943	5,609	5,935
Share (%)	23.3	33.5	32.1	33.6	34.2	32.0	36.4
<u>Total</u>	* 4,974	8,975	* 11,340	* 12,891	* 14,426	17,515	16,286
Share (%)	100	100	100	100	100	100	100
Index (1971=100)	100	180	228	259	290	352	329
Share of total brandy market	91.1	66.0	68.4	69.2	70.4	72.9	71.5
<u>IMPORTED</u>							
	484	4,637	5,251	5,748	6,075	6,512	6,488
Index (1971=100)	100	965	1,085	1,188	1,255	1,345	1,340
Share of total brandy market	8.9	34.0	31.6	30.8	29.6	27.1	28.5
Imported brandy as % of special class domestic brandy	23.9	98.0	90.1	81.1	75.6	61.8	69.0
<u>GRAND TOTAL</u>	<u>5,458</u>	<u>13,612</u>	<u>16,591</u>	<u>18,639</u>	<u>20,501</u>	<u>24,027</u>	<u>22,774</u>

Source: National Tax Administration Agency

Year : Calendar Year

* There are several small discrepancies between the sum of the individual classes and the grand total (i.e. 1982 Individuals kilolitres $8033+1465+4943=14441$. But specified total = 14426)

The National Tax Administration Agency advises us that the calculation is made by computer. Each class of product is comprised of a number of sub products each of which is rounded to the nearest (we assume) kilolitre. The grand total of a class is a straight compilation of actual sub product sales and is therefore the accurate figure. The overall discrepancy is small - at max 0.1% and hence can be ignored.

Table 1.19 IMPORTS OF BRANDY*, BY COUNTRY: BULK

(unit: kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
France	N/A	N/A	2,236.1	94.2	2,719.3	96.2	3,532.9	92.7	3,572.0	86.3	5,040.9	93.1	4,163.2	88.7
Spain	N/A	N/A	36.1	1.5	62.4	2.2	206.2	5.4	478.9	11.6	286.3	5.3	371.2	7.9
Mexico	N/A	N/A	38.2	1.6	13.5	0.5	22.4	0.6	20.0	0.5	40.0	0.8	59.1	1.3
Italy	N/A	N/A	13.1	0.6	22.7	0.8	21.2	0.6	33.9	0.8	37.8	0.7	36.2	0.8
USA	N/A	N/A	-	-	-	-	-	-	-	-	7.3	0.1	53.2	1.1
Netherlands	N/A	N/A	0.8	0.0	0.9	0.0	1.1	0.0	1.5	0.0	2.7	0.0	2.1	0.0
Israel	N/A	N/A	-	-	-	-	-	-	-	-	2.0	0.0	-	-
Others	N/A	N/A	49.3	2.1	8.0	0.3	28.7	0.7	30.9	0.8	-	-	11.2	0.2
Total	671.3	100	2,373.6	100	2,826.8	100	3,812.5	100	4,137.2	100	5,417.0	100	4,696.2	100.0
Index (1971=100)	100		354		421		569		616		807		700	
EC	N/A	N/A	2,256.3	95.1	2,747.8	97.2	3,564.3	93.5	3,616.3	87.4	5,081.4	93.8	4,209.5	89.6

Source: Ministry of Finance (Japan Exports & Imports)

Year: Calendar Year

* Grape Brandy + Other Type of Brandy

Table 1.20 IMPORTS OF GRAPE BRANDY, BY COUNTRY: BOTTLED

(unit: kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
France	N/A	N/A	5,932	98.7	6,111	96.5	6,898	98.4	6,862	97.5	7,426	98.2	7,518	98.4
USSR	N/A	N/A	38	0.6	117	1.8	61	0.9	111	1.6	56	0.7	39	0.5
Greece	N/A	N/A	12	0.2	15	0.2	9	0.1	10	0.1	45	0.6	28	0.4
Italy	N/A	N/A	5	0.1	18	0.3	12	2.0	42	0.6	21	0.3	29	0.4
Spain	N/A	N/A	10	0.2	0	0.0	5	0.1	4	0.1	5	0.1	3	0.0
Others	N/A	N/A	15	0.2	75	1.2	23	0.3	5	0.1	9	0.1	20	0.3
<u>Total</u>	<u>646</u>	<u>100.0</u>	<u>6,012</u>	<u>100.0</u>	<u>6,336</u>	<u>100.0</u>	<u>7,008</u>	<u>100.0</u>	<u>7,034</u>	<u>100.0</u>	<u>7,562</u>	<u>100.0</u>	<u>7,637</u>	<u>100.0</u>
Index (1971=100)	100		931		981		1,085		1,089		1,171		1,182	
<u>EC</u>	<u>N/A</u>	<u>N/A</u>	<u>5,941</u>	<u>98.4</u>	<u>6,193</u>	<u>96.9</u>	<u>6,932</u>	<u>98.9</u>	<u>6,916</u>	<u>98.3</u>	<u>7,496</u>	<u>99.1</u>	<u>7,590</u>	<u>99.4</u>

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

Table 1.21 IMPORTS OF OTHER BRANDY BY COUNTRY: BOTTLED

(unit: kl)

	1976		1979		1980		1981		1982		1983		1984	
	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
France	100	82.7	44	81.5	31	59.6	53	70.6	28	58.3	43	55.8	47	70.1
Netherlands	4	3.3	9	16.7	16	30.8	14	18.7	13	27.1	21	27.3	12	17.9
FRG	1	0.8	0	0.0	1	2.0	2	2.7	2	4.2	7	9.1	3	4.5
Czechoslovakia	1	0.8	1	1.8	2	3.8	2	2.7	3	6.2	4	5.2	4	6.0
Chile	-	-	-	-	-	-	-	-	-	-	1	1.3	-	-
Austria	-	-	-	-	-	-	1	1.3	-	-	1	1.3	-	-
Others	15	12.4	0	0.0	2	3.8	3	4.0	2	4.2	-	-	1	1.5
Total	121	100.0	54	100.0	52	100.0	75	100.0	48	100.0	77	100.0	67	100.0
Index (1976=100)	100		45		43		62		40		64		55	

Source: Ministry of Finance (Japan Exports & Imports)

Year: Calendar Year

Table 1.22 TAX-LEVIED SHIPMENTS OF DOMESTIC BRANDY, BY MANUFACTURER

(unit: kl)

	1971		1979		1980		1981		1982		1983		1984	
	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
Suntory	4,345	88.1	6,920	77.2	8,597	77.1	9,520	74.0	10,320	71.5	12,520	71.8	10,980	68.5
Index (1971=100)	100		159		198		219		238		288		253	
Sanraku-Ocean	64	1.3	225	2.5	319	2.9	718	5.6	645	4.5	870	5.0	794	5.0
Index (1971=100)	100		352		498		1,122		1,008		1,359		1,241	
Godo Shusei	101	2.0	391	4.4	424	3.8	520	4.0	650	4.5	800	4.6	792	4.9
Index (1971=100)	100		387		420		515		644		792		784	
Nikka	146	3.0	83	0.9	180	1.6	432	3.4	733	5.0	720	4.1	687	4.3
Index (1971=100)	100		57		123		296		502		493		471	
Kirin-Seagram	-	-	-	-	-	-	-	-	-	-	270	1.5	284	1.8
Index (1983=100)	-	-	-	-	-	-	-	-	-	-	100		105	
<u>Others</u>	<u>276</u>	<u>5.6</u>	<u>1,340</u>	<u>15.0</u>	<u>1,631</u>	<u>14.6</u>	<u>1,674</u>	<u>13.0</u>	<u>2,093</u>	<u>14.5</u>	<u>2,259</u>	<u>13.0</u>	<u>2,496</u>	<u>15.5</u>
<u>Total</u>	<u>4,932</u>	<u>100.0</u>	<u>8,959</u>	<u>100.0</u>	<u>11,151</u>	<u>100.0</u>	<u>12,864</u>	<u>100.0</u>	<u>14,441</u>	<u>100.0</u>	<u>17,439</u>	<u>100.0</u>	<u>16,033</u>	<u>100.0</u>
Index (1971=100)	100		182		226		261		293		367		325	

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)

Year : Calendar Year

Table 1.23 IMPORT TRENDS OF MAJOR BRANDS: COGNAC

Liquor Type	(unit: No. of Cases)												
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>Cognac</u>													
Remy Martin	14,000	30,000	35,000	70,000	85,000	100,000	110,000	150,000	170,000	188,000	198,000	205,000	220,000
Hennessy	35,500	57,000	40,000	40,000	43,000	45,000	46,000	55,000	65,000	90,000	125,000	170,000	215,000
Martell	9,000	12,000	18,000	10,000	7,000	9,000	11,000	20,000	37,000	48,000	48,000	50,000	50,000
Camus	1,200	3,900	4,000	8,000	20,000	22,000	25,000	28,000	35,000	40,000	40,000	45,000	43,000
Courvoisier	6,200	20,000	22,000	26,000	15,000	21,000	16,000	23,700	24,000	24,000	24,000	25,000	26,000
Otard	-	-	N.C.	250	2,100	2,500	2,500	3,000	5,800	8,000	8,000	10,000	8,000
Hine	-	-	-	-	-	N.C.	1,000	6,800	6,000	5,000	6,100	6,000	7,000
Bisquit	1,800	2,500	2,500	2,500	2,500	3,000	3,000	2,500	1,500	4,500	5,200	5,000	6,000

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)

The Japanese Liquor Market 1983 (Shokuhin Sangyo Shimbun-sha)

Year : Calendar Year

Table 1.24 TAX-LEVIED SHIPMENTS OF DOMESTIC WINE VS TAX-LEVIED IMPORTS

	<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	(unit: kl)	
						<u>1983</u>	<u>1984</u>
<u>DOMESTIC</u>							
Sweetened Fruit Wine	29,288	19,032	17,586	16,686	16,388	15,917	13,434
% of domestic fruit wines	83.3	36.9	32.2	30.1	25.3	22.0	20.3
Index (1971=100)	100	65	60	57	56	54	46
Unsweetened Fruit Wine	5,876	32,534	37,073	38,672	48,423	56,362	52,852
% of domestic fruit wines	16.7	63.1	67.8	69.9	74.7	78.0	79.7
Index (1971=100)	100	554	631	658	824	959	899
<u>Total</u>	<u>35,164</u>	<u>51,566</u>	<u>54,659</u>	<u>55,358</u>	<u>64,811</u>	<u>72,279</u>	<u>66,286</u>
Index (1971=100)	100	147	155	157	184	206	189
% change vs year ago	-	+14.2	+6.0	+1.3	+17.1	+11.5	-8.3
<u>IMPORTS</u>							
Total	2,158	14,871	14,538	17,093	18,180	21,980	24,696
Index (1971=100)	100	689	674	792	842	1,018	1,144
% of total wine shipments	6	22	21	24	22	23	27
<u>GRAND TOTAL</u>							
<u>Total</u>	<u>37,322</u>	<u>66,437</u>	<u>69,197</u>	<u>72,451</u>	<u>82,991</u>	<u>94,259</u>	<u>90,982</u>
Index (1971=100)	100	178	185	194	222	253	244

Source: National Tax Administration Agency

Year : Calendar Year

Table 1.25 IMPORTS OF BOTTLED WINE, BY TYPE

	(unit: kl)						
	<u>1971</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Bottled still wine	1,466	11,919	11,072	13,105	14,450	17,140	19,728
Index (1971=100)	100	813	755	894	986	1,169	1,346
Champagne/sparkling wine	42	1,877	1,711	1,936	2,245	1,924	2,359
Index (1971=100)	100	4,469	4,074	4,610	5,345	4,581	5,617
Vermouth	1,249	1,152	1,398	1,576	1,576	1,478	1,271
Index (1971=100)	100	92	112	126	126	118	102
Sherry/port/madeira	92	399	340	407	473	300	340
Index (1971=100)	100	434	370	442	514	326	370
Other fermented beverages*	234	1,792	1,926	1,714	2,776	2,801	3,177
Index (1971=100)	100	766	823	732	1,186	1,197	1,358
Total	<u>3,083</u>	<u>17,139</u>	<u>16,447</u>	<u>18,738</u>	<u>21,520</u>	<u>23,643</u>	<u>26,875</u>
% change vs year ago	-	+45.6	-4.0	+13.9	+14.8	+9.9	+13.7
Index (1971=100)	100	556	533	608	698	767	872

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

* Total of Apple Wine & Pear Wine

Table 1.26 IMPORTS OF WINE, BY COUNTRY: BULK

(unit: kl)

	<u>1973</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
Yugoslavia	1,269	13.2	3,589	26.9	5,196	27.0	4,668	27.1	4,774	23.9	6,588	24.1	5,747	21.7
Spain	1,099	11.4	1,588	11.9	3,469	18.1	4,272	24.8	4,738	23.7	6,302	23.0	5,318	20.1
Bulgaria	3,259	33.8	3,636	27.2	6,032	31.4	3,702	21.5	5,228	26.2	5,844	21.4	5,813	22.0
Chile	29	0.3	1,611	12.1	1,821	9.5	1,228	7.1	1,535	7.7	2,673	9.8	2,713	10.2
Argentina	721	7.5	1,047	7.8	234	1.2	255	1.5	464	2.3	2,008	7.3	2,777	10.5
France	1,284	13.3	790	5.9	875	4.6	963	5.6	799	4.0	1,193	4.4	1,477	5.6
Rumania	97	1.0	804	6.0	1,316	6.9	1,395	8.1	1,376	6.9	1,169	4.3	1,528	5.8
Tunisia	-	-	-	-	-	-	21	0.1	-	-	305	1.1	-	-
Malta	-	-	-	-	-	-	-	-	81	0.4	287	1.0	319	1.2
Austria	-	-	-	-	2	0.0	208	1.2	232	1.2	293	1.1	114	0.4
Others	1,882	19.5	289	2.2	261	1.3	500	3.0	729	3.7	672	2.5	671	2.5
Total	9,640	100.0	13,354	100.0	19,206	100.0	17,212	100.0	19,956	100.0	27,334	100.0	26,477	100.0
Index (1973=100)	100		139		199		179		207		284		275	
EC	1,338	13.9	830	6.2	901	4.7	983	5.7	838	4.2	1,213	4.4	1,542	5.8

Source: Ministry of Finance (Japan Exports & Imports)

Year: Calendar Year

Table 1.27 IMPORTS OF STILL WINE, BY COUNTRY: BOTTLED

(unit: kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
France	N/A	N/A	4,780	40.1	4,718	42.6	5,811	44.3	6,254	43.3	7,214	42.1	8,422	42.7
FRG	N/A	N/A	4,762	40.0	3,951	35.7	4,992	38.1	5,327	36.9	6,509	38.0	6,807	34.5
USA	N/A	N/A	406	3.4	534	4.8	623	4.8	752	5.2	960	5.6	1,333	6.8
Italy	N/A	N/A	669	5.6	687	6.2	738	5.6	924	6.4	921	5.4	1,151	5.8
Australia	N/A	N/A	265	2.2	256	2.3	257	2.0	250	1.7	664	3.9	953	4.8
Spain	N/A	N/A	479	4.0	363	3.3	294	2.2	400	2.8	420	2.4	356	1.8
Portugal	N/A	N/A	189	1.6	155	1.4	98	0.7	124	0.9	84	0.5	119	0.6
Others	N/A	N/A	369	3.1	408	3.7	292	2.3	419	2.8	368	2.1	587	3.0
Total	<u>1,466</u>	<u>100.0</u>	<u>11,919</u>	<u>100.0</u>	<u>11,072</u>	<u>100.0</u>	<u>13,105</u>	<u>100.0</u>	<u>14,450</u>	<u>100.0</u>	<u>17,140</u>	<u>100.0</u>	<u>19,728</u>	<u>100.0</u>
Index (1971=100)	100		813		755		894		986		1,169		1,346	
EC	<u>N/A</u>	<u>N/A</u>	<u>10,212</u>	<u>85.7</u>	<u>9,356</u>	<u>84.5</u>	<u>11,553</u>	<u>88.2</u>	<u>12,524</u>	<u>86.7</u>	<u>14,656</u>	<u>85.5</u>	<u>16,416</u>	<u>83.2</u>

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

Table 1.28 TAX-LEVIED SHIPMENTS OF DOMESTIC WINE, BY TYPE AND MANUFACTURER

(unit: kl)

	1971		1979		1980		1981		1982		1983		1984	
	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share	Volume	Share
SWEETENED GRAPE WINE														
Suntory	13,248	50.2	8,596	61.4	8,230	61.0	7,670	63.7	7,340	62.1	7,360	60.8	5,685	56.8
Godo Shusei	6,476	24.5	2,721	19.4	2,530	18.8	2,110	17.5	1,910	16.2	1,880	15.5	1,415	14.2
Sanraku-Ocean	2,149	8.1	732	5.2	660	4.9	550	4.6	550	4.6	550	4.5	423	4.2
Others	4,532	17.2	1,950	14.0	2,073	15.3	1,711	14.2	2,027	17.1	2,316	19.2	2,479	24.8
<u>Subtotal</u>	<u>26,405</u>	<u>100.0</u>	<u>13,999</u>	<u>100.0</u>	<u>13,493</u>	<u>100.0</u>	<u>12,041</u>	<u>100.0</u>	<u>11,827</u>	<u>100.0</u>	<u>12,106</u>	<u>100.0</u>	<u>10,002</u>	<u>100.0</u>
Index (1971=100)	100		53		51		46		45		46		38	
* STILL WINE														
Mercian (Sanraku-Ocean)	2,130	30.7	10,270	28.6	10,400	29.8	10,700	26.2	12,800	25.2	14,300	25.1	13,399	25.1
Suntory	721	10.4	8,200	22.8	7,400	21.2	7,200	17.6	9,500	18.7	11,400	20.0	10,682	20.0
Manns (Kikkoman)	1,350	19.5	8,300	23.1	7,500	21.5	8,300	20.3	10,300	20.2	11,300	19.8	10,588	19.8
St Neige (Kyowa Hakko)	360	5.2	2,600	7.2	3,000	8.6	4,000	9.8	5,000	9.8	6,000	10.5	5,622	10.5
Polaire (Sapporo)	-	-	1,350	3.8	1,650	4.7	2,040	5.0	2,800	5.5	4,010	7.0	3,757	7.0
Cannon (Godo Shusei)	335	4.8	850	2.4	850	2.5	880	2.2	990	1.9	990	1.7	928	1.8
Others	2,033	29.4	4,391	12.1	4,077	11.7	7,727	18.9	9,487	18.7	8,982	15.9	8,416	15.8
<u>Subtotal</u>	<u>6,929</u>	<u>100.0</u>	<u>35,961</u>	<u>100.0</u>	<u>34,877</u>	<u>100.0</u>	<u>40,847</u>	<u>100.0</u>	<u>50,877</u>	<u>100.0</u>	<u>56,982</u>	<u>100.0</u>	<u>53,392</u>	<u>100.0</u>
Index (1971=100)	100		519		503		590		734		822		771	
GRAND TOTAL	33,334	100.0	49,960	100.0	48,370	100.0	52,888	100.0	62,704	100.0	69,088	100.0	63,394	100.0
Index (1971=100)	100		150		145		159		188		207		190	

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)

Year : Sweetened Grape Wine: Calendar Year
Still Wine: Fiscal Year

* : Estimation

Table 1.29 IMPORT TRENDS OF MAJOR BRANDS: WINE

Liquor Type	(unit: No. of Cases)												
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<u>French Wine</u>													
Calvet	15,000	40,000	70,000	60,000	40,000	90,000	50,000	70,000	88,000	100,000	100,000	110,000	130,000
J.J. Mortier	17,800	40,200	39,000	28,000	36,000	40,000	39,000	45,000	50,000	61,000	63,000	68,000	68,000
Cruse	18,500	36,000	42,000	15,000	32,000	35,000	38,000	42,000	44,000	47,000	49,000	58,000	67,000
Piat	-	3,000	2,500	-	1,900	950	2,600	3,000	15,000	40,000	55,000	60,000	65,000
Delor	5,000	35,000	15,000	15,000	20,000	20,000	20,000	35,000	38,000	39,000	26,000	38,000	39,000
B & G	9,000	80,000	37,500	4,600	35,400	28,500	21,000	47,000	15,000	25,000	30,000	53,000	30,000
<u>German Wine</u>													
Valckenberg	500	40,000	10,000	10,000	21,000	27,000	65,000	90,000	80,000	92,000	95,000	120,000	120,000
Drachen	-	3,400	21,000	27,000	40,000	50,000	60,000	95,000	90,000	92,000	98,000	110,000	100,000
Franz Reh	-	-	8,500	10,000	8,000	10,000	10,000	18,000	26,000	23,400	30,400	89,000	100,000
Goldener Oktober	-	-	16,700	25,000	27,500	35,000	48,500	52,000	55,000	68,000	65,000	66,000	70,000
G.A Schmitt	800	27,000	5,500	8,000	16,000	32,000	21,000	40,000	45,000	54,000	56,000	68,000	70,000
Joseph Freidrich	3,000	20,000	10,000	14,000	20,000	26,300	27,000	31,290	33,500	40,000	42,700	47,000	52,000
<u>Italian Wine</u>													
Riunite	-	-	-	-	-	-	-	-	-	N.C.	6,000	5,000	26,000
Ruffino	2,000	6,000	7,000	10,000	20,300	31,800	18,000	21,000	25,000	20,000	25,000	23,000	23,0
Veneto Piemonte	-	-	-	-	-	-	-	-	-	-	9,000	10,000	10,0
Melini	600	2,000	7,000	5,000	10,000	11,000	12,000	10,000	9,000	8,000	8,000	8,000	8,0
Donelli	-	-	-	-	-	-	-	N.L.	6,700	6,500	5,800	6,000	7,0

Source: Tokei Geppo (Nikkan Keizai Tsushin-sha)

The Japanese Liquor Market 1983 (Shokuhin Sangyo Shimbum-sha)

Year : Calendar Year

Table 1.30 IMPORTS OF BEER, BY COUNTRY

(unit: kl)

	<u>1971</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>1983</u>		<u>1984</u>	
	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>	<u>Volume</u>	<u>Share</u>
U.S.A.	-	-	3,878	39.5	6,087	52.3	9,397	56.2	12,373	61.9	15,454	72.0	5,055	48.0
Singapore	-	-	1,524	15.5	2,115	18.2	2,551	15.3	3,177	15.9	1,976	9.2	221	2.1
F.R. Germany	155	24.4	1,635	16.7	1,056	9.1	1,609	9.6	1,574	7.9	1,089	5.1	1,153	10.9
Denmark	121	19.0	759	7.7	464	4.0	563	3.4	403	2.0	366	1.7	1,052	10.0
Netherland	30	4.7	50	0.5	-	-	29	0.2	214	1.1	357	1.7	440	4.2
France	19	3.0	132	1.3	378	3.2	460	2.8	622	3.1	543	2.5	1,070	10.2
U.K.	209	32.9	616	6.3	503	4.3	472	2.9	452	2.3	340	1.6	417	4.0
Philippine	26	4.1	317	3.2	287	2.5	354	2.1	392	1.9	411	1.9	293	2.8
Australia	10	1.6	124	1.3	120	1.0	137	0.8	164	0.8	233	1.1	168	1.6
Norway	34	5.3	191	2.0	181	1.6	121	0.7	125	0.6	77	0.4	66	0.6
Canada	3	0.5	236	2.4	138	1.2	123	0.7	124	0.6	102	0.5	191	1.8
Czechoslovakia	20	3.1	100	1.0	84	0.7	108	0.6	58	0.3	37	0.2	55	0.5
Other Countries	9	1.4	253	2.6	222	1.9	792	4.7	314	1.6	463	2.1	344	3.3
<u>Total</u>	<u>636</u>	<u>100.0</u>	<u>9,815</u>	<u>100.0</u>	<u>11,635</u>	<u>100.0</u>	<u>16,716</u>	<u>100.0</u>	<u>19,992</u>	<u>100.0</u>	<u>21,448</u>	<u>100.0</u>	<u>10,525</u>	<u>100.0</u>
Index (1971=100)	100		1,543		1,829		2,628		3,143		3,372		1,655	
<u>EC</u>	<u>206</u>	<u>32.4</u>	<u>3,234</u>	<u>32.9</u>	<u>2,404</u>	<u>20.7</u>	<u>3,163</u>	<u>18.9</u>	<u>3,316</u>	<u>16.6</u>	<u>2,788</u>	<u>13.0</u>	<u>4,221</u>	<u>40.1</u>

Source: Ministry of Finance (Japan Exports & Imports)

Year : Calendar Year

STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC) CODE DEFINITIONS

- 22.03-000 Beer made from malt.
- 22.04-000 Grape must in fermentation or with fermentation arrested otherwise than by the addition of alcohol :
- 22.05-100 Champagne and other sparkling wines.
- 22.05-210 Wine of fresh grapes: grape must with fermentation arrested by the addition of alcohol, in containers of a capacity exceeding 150 litres.
- 22.05-291 Sherry, port, and other fortified grape wine, in containers of a capacity not more than 150 litres.
- 22.05-299 Other wine of fresh grapes: grape must with fermentation arrested by the addition of alcohol, in containers of a capacity not more than 150 litres.
- 22.06-000 Vermouths, and other wines of fresh grapes flavored with aromatic extracts.
- 22.07-100 Sake (seishu or dakushu).
- 22.07-200 Other fermented beverages.
- 22.08-100 Ethyl alcohol; denatured spirits of an alcoholic strength of 90^o or higher.
- 22.08-210 Intended for use in the distillation of alcohol for making alcoholic beverages, for the quantity (quota) stipulated by a Cabinet Order, n.e.s.
- 22.08-290 Ethyl alcohol 80^o or higher, denatured spirits, n.e.s.
- 22.09-111 Bourbon whisky, provided that the container is labelled to indicate the commercial identification of the product and that the contents are certified as authentic, of an alcoholic strength of 50^o or higher, excluding those in containers of a capacity less than 2 litres.
- 22.09-113 Other whisky of an alcoholic strength of 50^o or higher, excluding those in containers of a capacity less than 2 litres.

- 22.09-114 Bourbon whisky, provided that the container is labelled to indicate the commercial identification of the product and that the contents are certified as authentic, n.e.s.
- 22.09-115 Rye whisky, provided that the container is labelled to indicate the commercial identification of the product and that the contents are certified as authentic n.e.s.
- 22.09-119 Whisky, n.e.s.
- 22.09-121 Brandy, including cognac: of an alcoholic strength of 50^o or higher, excluding those in containers of a capacity less than 2 litres, obtained by distilling wine or grape marc.
- 22.09-122 Other brandy, including cognac: of an alcoholic strength of 50^o or higher, excluding those in containers of a capacity less than 2 litres.
- 22.09-123 Brandy, obtained by distilling wine or grape marc, n.e.s.
- 22.09-129 Brandy, n.e.s. .
- 22.09-130 Gin.
- 22.09-142 Rum.
- 22.09-143 Ethyl alcohol of a strength less than 80^o, n.e.s.
- 22.09-149 Other distilled alcoholic beverages.
- 22.09-210 Liqueurs.
- 22.09-220 Synthetic sake and white sake.
- 22.09-230 Other spiritous beverages.
- 22.09-300 Compound alcoholic preparations, for the manufacture of beverages.

OTHER DEFINITIONS AND EXPLANATIONS

IMPORTS: Arrivals into bond. Note that these import figures do not represent sales.

SHIPMENTS: Volume on which tax has been imposed. These figures more accurately represent sales.

WESTERN-STYLE LIQUOR: Major Western-style alcoholic beverages other than beer -- i.e., whisky, brandy, wines (wine, champagne/sparkling wine, vermouth, sherry/port/madeira), other fermented beverages, rum, gin, vodka, other spirits, and liqueurs.

BULK IMPORTS: Imported alcoholic beverages in containers with a capacity of 2 liters or more for whisky and brandy or of 150 liters or more for wine.

BOTTLED IMPORTS: Imported alcoholic beverages in containers with a capacity of less than 2 liters for whisky and brandy or less than 150 liters for wine. Other alcoholic beverages for which no breakdown is available by container capacity (e.g., vermouth, sherry/port/madeira, champagne/sparkling wine, other fermented beverages, gin, vodka, and liqueurs) are considered bottled imports.

VODKA IMPORTS: Distilled alcoholic beverages from the USSR, USA, Poland, Finland, and Canada in "other distilled alcoholic beverages" (Japan Exports & Imports category 22.09-149) are assumed to be vodka for the purposes of these tables.

WINE: Wines are wine from both grapes and non-grape fruits, champagne/sparkling wine, vermouth, sherry/port/madeira, and other fermented beverages, excluding grape must.

SOURCES: Different sources have had to be used for different tabulations. This has meant that cross-comparisons between tables will in several cases show discrepancies. No way has been found of avoiding this difficulty, so some caution must be exercised in the use of the tables.

LIQUOR TAXES IN JAPAN

APPENDIX 22.1 THE JAPANESE LIQUOR TAX LAW

Introduction

Whilst liquor tax laws have existed in Japan for many years the present law was enacted in 1953.

The law is based on domestic liquor products with little regard for foreign classifications because when it was introduced few foreign liquors were imported into Japan. Recently, due to the influx of foreign beverages, the liquor tax law has been amended and up-dated although certain anomalies, from an international standpoint, may still exist; for example both brandy and whisky are classified under the "whisky category".

Liquor taxes are levied equally on domestic and foreign beverages. However, alcohol and alcoholic beverages imported in bulk as a basic ingredient for domestic bottling or blending are taxed as domestic products after being manufactured and not as imported products whilst still in bulk form. Customs duty is paid on bulk imports prior to the production process.

The Legal Definition of "Alcoholic Liquors"

An alcoholic liquor is defined by law as being an alcoholic product containing more than 1 per cent alcohol (2 US proof) including ethyl alcohol and powdered alcohol if the powder is intended to be mixed with a liquid prior to consumption.

Categories and Subcategories of "Alcoholic Liquors"

Under the law domestic and imported alcoholic beverages are grouped into 10 categories and 13 subcategories irrespective of their country of origin. Within the text of the law all imported liquors and similar Japanese products are referred to as "Western Style" liquors.

The Classification of Alcoholic Liquors

Classification is largely based on historic customs and Japanese nomenclature but the ingredients used, methods of production and the product names are also important. Liquor classification is therefore different from the Japanese "Table of the Rate of Duty" (see page 6) which is based on the Brussels Tariff Nomenclature (BTN).

Seishu (Sake)

An alcoholic beverage of Japanese origin with an alcoholic strength ranging from 12% to 20%. It is a fermented, filtered alcoholic beverage made from rice, malted rice and water.

Gosei-Seishu (Synthetic Sake)

An alcoholic beverage which can be made from shochu or seishu, grape sugar or any of the other products listed in Liquor Tax Law, and similar to the characters of seishu (sake).

Shochu (Spirits of Japanese Origin)

The shochu category has two subcategories:

i) Type "A" (Koh-ruì)

A distilled alcoholic beverage with an alcoholic strength of less than 36%, produced from pure alcohol obtained by a continuous distillation process.

ii) Type "B" (Otsu-ruì)

A distilled alcoholic beverage with an alcoholic strength of 45% or less than 45%, produced from rice, sweet potatoes or other cereals by a single distillation process.

Mirin (An Alcoholic Seasoning of Japanese Origin)

The mirin category has two subcategories:

i) Type "A" (Hon-Mirin)

A liquor product with an extract content of 16%, or higher, which is produced by adding shochu, or some other alcohol, to rice or malted rice and then filtering. Its major use is as a seasoning.

ii) Type "B" (Hon-Naoshi)

Mirin products other than those in Type "A".

Beer

A brewed beverage obtained by the fermentation of malt, hops and water. Rice, corn, starch, saccharine substance, bitters and colouring agent are allowed to be used as submaterials but only within the limitations as specified by the law.

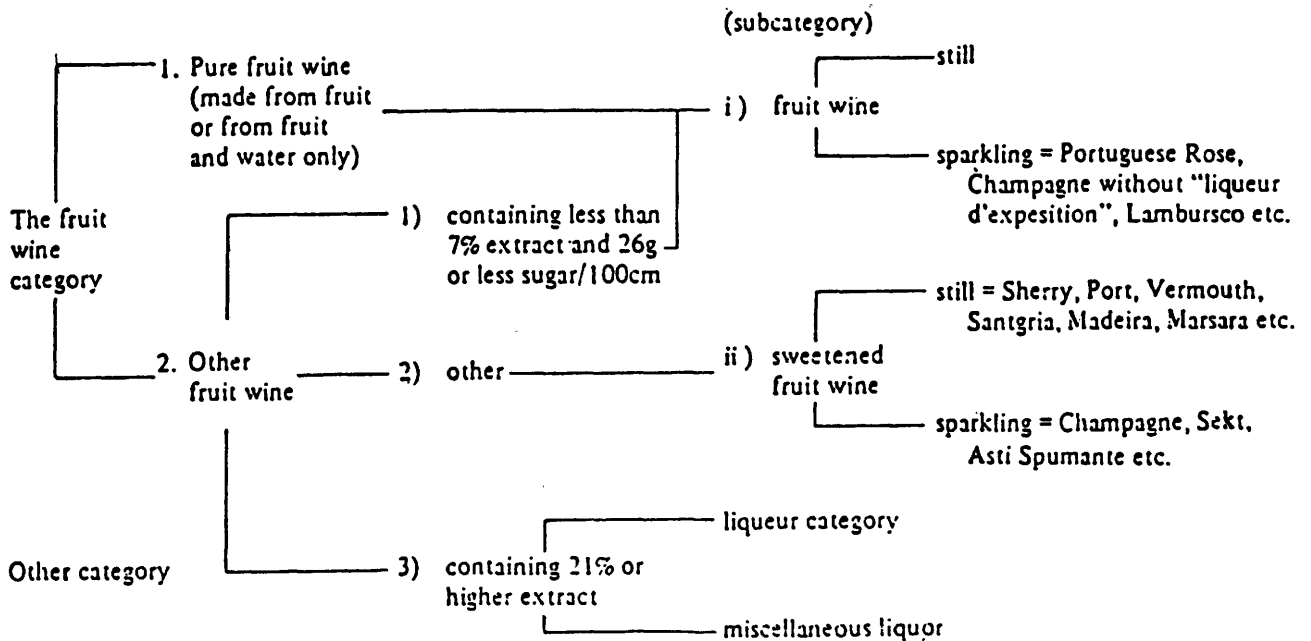
Fruit Wine

It will be seen from the following chart that this category is divided into two groups;

1. "Pure fruit wine" (natural).
2. "Other fruit wine".

Products classified under the "Pure fruit wine" group may only be produced by the natural fermentation of fruit with water being the only permitted additive. If other materials are added to the fruit the final product will be classified within the "Other" group so long as the additives are permitted by the law.

The Fruit Wine Category



Notes: 1. The "other fruit wine" with 21% or higher extract content will be classified within the liqueur category or under miscellaneous liquors.

2. What is an "extract"? When liquor is boiled, water, alcohol and certain other ingredients evaporate but others such as saccharoid, dextrine and lactic acid remain. The remains are called extracts. 1 percent extract means 1 gram of nonvolatile ingredient per 100 cubic cm of liquor at a temperature of 15 Centigrade. To be classified as a wine, therefore, the beverage must contain less than 21 grams of nonvolatile ingredients per 100 cubic cm of liquor at 15 centigrade.

Whisky (including Brandy)

In Japan, unlike most other developed markets, whisky is a category of liquor in which alcohol, spirits, prices and colouring agents are permitted additives to the whisky "Genshu". ("Genshu", literally translated, means the base material to which other products are added to make the final product. Therefore in the case of whisky the "Genshu" may be malt whisky or grain whisky.)

The whisky category has two subcategories:

- i) Whisky (including similar products)
- ii) Brandy (including similar products).

Spirit

The spirit category has two subcategories:

- i) "Spirits"; bottled gin, vodka, rum and other alcoholic liquor products produced by continuous distillation with an alcoholic strength of 36% (US 72 proof) or higher.

- ii) "Distilled Alcohol"; bulk alcohol obtained by distillation. (This category is used for the sale of bulk alcohol between manufacturers and blenders/brand owners.)

Liqueur

Liqueurs are flavoured alcoholic beverages which contain 2%, or higher extract. (Extracts are described on above) Ready mixed cocktails, such as Gin Fizz, are also classified as liqueurs.

Miscellaneous Liquors

Liquor products are classified into 9, clearly defined categories. Any product which is not included in one of the 9 categories is classified under this last collective category, "Miscellaneous Liquors".

Miscellaneous Liquors has three subcategories:

- i) "Compounded beer"; which includes malted barley as an ingredient.
- ii) "Powdered liquor"; a new subcategory following its invention by a Japanese firm.
- iii) "Other"; which includes miscellaneous liquors such as mead (an alcoholic beverage obtained by the fermentation of honey), Rao-chu (Chinese sake), etc.

The Grade of Liquors

The Liquor Tax Law classifies alcoholic beverages into 10 categories with 13 subcategories. However due to a wide variance of qualities within the "Seishu (Sake)" and the "Whisky category (including brandy)" these product groups are subdivided into three grades or qualities.

Seishu (Sake):

Following a taste examination the National Tax Administration Agency grades sake into one of the following three qualities:

- Special Grade,
- 1st Grade and
- 2nd Grade.

The Whisky category has three grades according to the following standards:

Whisky:

- Special Grade: 1) Pure malt whisky or pure grain whisky (including blends of pure malt whisky and pure grain whisky).
- 2) Liquors with a pure malt whisky or pure grain whisky content of 27% or higher.
- 3) Liquors with an alcoholic strength of 43 GL or higher.

- 1st Grade: 1) Liquors with a pure malt whisky or pure grain whisky content of between 17% and 26%.
 2) Liquors with an alcoholic strength of 40 GL or higher but under 43 GL.
- 2nd Grade: Liquors which fall under neither special nor 1st Grade.

Brandy:

- Special Grade: 1) Pure brandy.
 2) Liquors with a pure brandy content of 27% or higher.
 3) Liquors with an alcoholic strength of 43 GL or higher.
- 1st Grade: 1) Liquors with a pure brandy content of between 17% and 26%.
 2) Liquors with an alcoholic strength of 40 GL or higher but under 43 GL.
- 2nd Grade: Liquors which fall under neither special nor 1st Grade.

Only one standard has to be satisfied for a product to be graded and the highest possible grading will always apply. For example a domestic whisky with a malt content of 27% and an alcoholic strength of only 40 GL would be graded as "special". And a whisky with a 17% malt content at 43 GL would also be a special grade product.

It should be noted that all imported whiskies and brandies are classified as "Special Grade" unless it can be proved that the product should be classified as first or second grade.

Source: "The Japanese Liquor Market 1983".
 Shokuhin Sangyo Shimbun-sha

APPENDIX 2

2.2 TAX RATE SCHEDULES

Liquor tax is assessed on the "tax base" (see below) of imported and domestic products at either

- i) the "specific" rate (a fixed sum) or
- ii) the "ad valorem" rate (a percentage of the tax base).

Certain products, such as whisky of special grade and brandy of special grade, have two different rates of ad valorem tax which vary according to the tax base. Expensive products are taxed at 220% of their tax base, less expensive products are taxed at 150% of their tax base, and the least expensive products are taxed at the "specific" rate.

The point where the tax base passes from the "specific" tax rate to the 150% "ad valorem" tax rate is known as a "tax barrier". This "lower barrier" is ¥1,400 per litre for whisky and brandy.

The point where the tax base passes from the 150% "ad valorem" rate to the 220% "ad valorem" rate is also known as a "tax barrier". Within the whisky category this "upper barrier" is ¥1,570 per litre for whisky and ¥2,360 per litre for brandy.

Different barriers apply to liquor sold in containers under 200 millilitres. All liquors in containers of 100 millilitres or less are taxed at the specific rate.

The Tax Base

Ad valorem tax is based on:

1. Imported products' value, including customs duty, at the time when goods are taken from bond for sale in the domestic market (the CIF cost plus the duty is generally accepted). And
2. Domestic manufacturer's open market selling price to wholesalers excluding tax.

In special cases the domestic brands tax base may be calculated back from the retail price but only if the retail price is known when the manufacturer delivers the product from his factory to the market.

A retail price is deemed to be "known" if

- 1) the product's retail price is advertised by the manufacturer, or his affiliated sales agents, in the daily press (excluding sports, trade press, etc). Or
- 2) the product's retail price is indicated on the package or accompanying consumer pamphlets.

In reality this so-called "special case", which is called "the fixed subtraction ratio system", is nearly always used because it simplifies the procedure for establishing the tax base and therefore the liquor tax assessment calculations.

Theoretical costings showing how liquor tax is assessed on domestic whiskies are included after the liquor tax rates.

An Additional Tax on Sparkling Liquors

If 0.5 kilogram of gas pressure, or higher, is found at a temperature of 20 degrees Centigrade "sparkling" beverages taxed at the specific rate will attract an additional, so-called, "gas tax" at the rate of ¥9,300 per kilo litre.

This tax applies to wines which either produce carbonic acid gas during secondary fermentation in bottle or to bottled wines injected with carbonic gas e.g. certain Portuguese Rose wines. Certain canned alcoholic mixed drinks also attract this additional tax.

This additional tax is not levied on beverages which are subject to the ad valorem tax; therefore, Champagne and the more expensive sparkling wines are exempt.

Non Taxable Allowance on Domestic Liquors' Retail Price

Category	Alcoholic Liquor		Subtraction Ratio from Retail Price
	Grade	Other Details	
Sake	Special Grade		30%
Fruit Wine	Fruit Wine	Still	32%
	Sweetened Fruit Wine	Still	30%
Whisky (including brandy)	Whisky of Special Grade		30%
	Whisky of 1st Grade		30%
	Whisky of 2nd Grade		30%
	Brandy of Special Grade		30%
	Brandy of 1st Grade		30%
	Brandy of 2nd Grade		30%
Spirit	Spirit	Excluding those of flavour, colour and other properties of whisky	30%
Liqueur	Those whose alcoholic strength is 15% or higher and whose extractable content is 21% or higher		30%
	Other	Still	30%

LIQUOR TAX RATES

Category (1)	Alcoholic Strength (2)	Specific Tax Rate per KL (3)	Tax base barrier above which lower ad valorem rate replaces specific rate			Lower ad valorem Tax Rate (% of tax base) (7)	Tax base barrier above which higher ad valorem rate replaces lower ad valorem rate (8)	Higher ad valorem Tax Rate (% of tax base) (9)	
			Other Details (4)	Container Capacity (5)	Barrier (Yen/L) (6)				
Whisky	Special Grade	less than 44%	2,098,100 Yen Addition of 45,160 Yen per every 1% exceeding 43%	Other Details	200ml or lower	1,660	150%	1,790 Yen/L 1,570 Yen/L	220%
		44% or higher			exceeding 200 ml	1,400			
	First Grade	less than 41%	1,011,400 Yen		200 ml or lower	1,370	100%		
	41% or higher	Addition of 44,760 Yen per every 1% exceeding 40%		exceeding 200 ml	1,110				
	Second Grade	less than 38%	296,200 Yen		200 ml or lower	760	65%		
		38% or higher	Addition of 36,040 Yen per every 1% exceeding 37%		exceeding 200 ml	570			
Brandy	Special Grade	as for whisky	as for whisky		200 ml or lower	1,560	150%	2,570 Yen/L ; 2,360 Yen/L	220%
					exceeding 200 ml	1,400			
	First Grade	as for whisky	as for whisky		200 ml or lower	1,520	35%		
				exceeding 200 ml	1,300				
	Second Grade	as for whisky	as for whisky		200 ml or lower	780	60%		
					exceeding 200 ml	650			
Beer		239,100 Yen							

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Whisky	Similar in flavor, color or other properties to whisky category	less than 38%	296,200 Yen						
		38% or higher and less than 40%	Addition of 36,040 Yen per every 1% exceeding 37%						
40% or higher and less than 41%		1,011,400 Yen							
41% or higher and less than 43%		Addition of 44,760 Yen per every 1% exceeding 40%							
43% or higher and less than 44%		2,098,100 Yen							
		44% or higher	Addition of 45,160 Yen per every 1% exceeding 43%						
Other	less than 38%	361,800			200 ml or lower	680	100%		
	38% or higher	Addition of 9,780 Yen per every 1% exceeding 37%			exceeding 200 ml	540			
Fruit Wine	Sugar content exceeds 26g, or extract is 7% or higher	159,800 Yen	Sparkling	200 ml or lower	exceeding 200 ml	1,100	50%		
		60,400 Yen				Other				200 ml or lower	1,000
		If CIF price plus duty (per litre) exceeds ¥450 (other than the above)	Others	49,700 Yen	exceeding 200 ml	870			
Sweetened Fruit Wine	less than 13%	117,300 Yen	Sparkling	200 ml or lower	1,200	50%			
	13% or higher	Addition of 9,780 Yen per every 1% exceeding 12%	Other	200 ml or lower	1,000				
				exceeding 200 ml	870				

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Liqueur	Alcoholic strength of 15% or higher and extract of 21% or higher	15% 16% or higher	367,000 Addition of 24,470 Yen per every 1% exceeding 15%		200 ml or lower exceeding 200 ml	1,210 1,050	100%		
	Other	less than 13% 13% or higher	117,300 Yen Addition of 9,780 Yen per every 1% exceeding 12%	Sparkling Other	200 ml or lower exceeding 200 ml 200 ml or lower exceeding 200 ml	1,330 1,200 1,210 1,050	50%		
	Compound Beer	Ratio of malt 67% or higher Ratio of malt: less than 67% and 25% or higher Other	239,100 Yen 164,500 Yen 89,900 Yen						
	Powdered Liquor		381,300 Yen						
Miscellaneous liquors	Other	1. Extract is 16% or higher and similar in character to Mirin Type A 13.5% or higher and less than 14.5% 14.5% or higher less than 13.5% and 8% or higher less than 8% 2. Others less than 13% 13% or higher	74,100 Yen Addition of 5,490 Yen per every 1% exceeding 13.5% Reduction of 5,490 Yen per every descending 1% less than 13.5% 41,160 Yen 117,300 Yen Addition of 9,780 Yen per every 1% exceeding 12%						

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ishu (lake)	Special Grade	15%	570,600					
		16% or higher	Addition of ¥38,040 per every 1% exceeding 15%					
		less than 15% and 8% or higher	Reduction of 38,040 Yen per every descending 1% less than 15%					
		less than 8%	304,320 Yen					
	First Grade	15%	279,500 Yen					
		16% or higher	Addition of 18,640 Yen per every 1% exceeding 15%					
		less than 15% and 8% or higher	Reduction of 18,640 Yen per every descending 1% less than 15%					
		less than 8%	149,020 Yen					
	Second Grade	15%	107,900 Yen					
		16% or higher	Addition of 7,200 Yen per every 1% exceeding 15%					
		less than 15% and 8% or higher	Reduction of 7,200 Yen per every descending 1% less than 15%					
		less than 8%	57,500 Yen					
Ishu (synthetic lake)		15%	81,600 Yen					
		16% or higher	Addition of 5,440 Yen per every 1% exceeding 15%					
		less than 15% and 8% or higher	Reduction of 5,440 Yen per every descending 1% less than 15%					
		less than 8%	43,520 Yen					

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Shochu (Japanese Additional Spirit)	Shochu Type A (Koh-ruì)	less than 21%	56,600 Yen					
	21% or higher and less than 25%	Reduction of 4,400 Yen (from 78,600 Yen) per every descending 1% less than 25%						
		25%	78,600 Yen					
		26% or higher and less than 31%	Addition of 4,400 Yen per every 1% exceeding 25%					
		31% or higher	Addition of 16,810 Yen per every 1% exceeding 30%					
	Shochu Type B (Otsu-ruì)	less than 21%	36,700 Yen					
		21% or higher and less than 25%	Reduction of 2,840 Yen (from 50,900 Yen) per every descending 1% less than 25%					
		25%	50,900 Yen					
		26% or higher and less than 31%	Addition of 2,840 Yen per every 1% exceeding 25%					
		31% or higher	Addition of 10,190 Yen per every 1% exceeding 30%					
Mirin (Alcoholic Seasoning)	Type A (Hon-mirin)	13.5%	74,100 Yen					
		14.5% or higher	Addition of 5,490 Yen per every 1% exceeding 13.5%					
		less than 13.5% and 8% or higher	Reduction of 5,490 Yen per every descending 1% less than 13.5%					
		less than 8%	41,160 Yen					

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Mirin Type B (Non- naoshi)	22%	63,500 Yen						
	23% or higher	Addition of 2,890 Yen per every 1% exceeding 22%						
	less than 22% and 8% or higher	Reduction of 2,890 Yen per every descending 1% less than 22%						
	less than 8%	23,040 Yen						

Extracts from "Wands" Magazine July/August 1984 Issue showing "Special Case" (Fixed Subtraction Ratio) System for Calculation of Tax on Japanese Domestic Whiskies.

Example 1 Standard method of calculating liquor tax

The product: a Special Grade domestic whisky with a known RSP of ¥8,000 per 760ml bottle.

The following system is used to calculate the liquor tax payable.

Stage 1. Find the tax-paid selling price by deducting 30% from the known RSP: ¥8,000 - 30% = ¥5,600 TPSP (tax-paid selling price). The 30% deduction is a non-taxable allowance to cover trade profits, the manufacturer's rebates and the manufacturer's delivery charges.

Stage 2. To calculate the tax base back from the tax-paid selling price:

$$\text{¥5,600} \times \frac{100}{320*} = \text{¥1,750} \quad \begin{array}{l} *220 \text{ (tax rate)} + 100 \\ \text{(product price without tax)} \end{array}$$

Tax base is ¥1,750 per 760ml bottle.

Stage 3. To check if the 220% tax rate which has been used at Stage 2 is the correct rate, convert the 'tax base' into litres and compare with the tax rates and tax barriers:

$$\text{¥1,750} \times \frac{1,000}{760} = \text{¥2,302 (omit fractions)}$$

The tax base is ¥2,302 per litre which is over the upper barrier limit of ¥1,570 per litre. The 220% rate has thus been correctly applied.

Stage 4. To calculate the tax payable multiply the tax base by the tax rate:

$$\text{¥1,750} \times 220\% = \text{¥3,850 tax payable per 760ml bottle.}$$

Fractions are retained in the tax assessment.

Thus it will be seen that a 760ml bottle of "Special Grade" domestic whisky with a known RSP of ¥8,000 will attract ¥3,850 liquor tax.

Example 2 An exception to the rule (Suntory Royal)

The product: a Special Grade domestic whisky with a known RSP of ¥4,500 per 760ml bottle.

Stage 1. ¥4,500 - 30% = ¥3,150 TPSP

Stage 2. ¥3,150 x $\frac{100}{320}$ = ¥984 tax base per 760ml

Stage 3. ¥984 x $\frac{1,000}{760}$ = ¥1,294 tax base per litre

BUT ¥1,294 per litre is lower than the upper barrier limit of ¥1,570 per litre, and it would appear as though the 220% rate has been incorrectly applied and that the 150% rate should be used. Therefore revert to:

Stage 2. (again) $\text{¥}3,150 \times \frac{100}{250} = \text{¥}1,260$ tax base per 760ml.

Stage 3. (again) $\text{¥}1,260 \times \frac{1,000}{760} = \text{¥}1,657$ tax base per litre.

BUT $\text{¥}1,657$ per litre tax base is more than the upper barrier limit of $\text{¥}1,570$ per litre. It would appear as though the 220% should have been applied, but we already know that the 220% tax rate is incorrect. In the case the law states that the 'barrier' amount will be used as the tax base, and the tax assessment will be at a rate between the 150% and 220% rates.

The following calculation is used:

$$\text{¥}1,570 \text{ (barrier)} \times \frac{760}{1,000} = \text{¥}1,193.20 \text{ tax base per 760ml}$$

The Stage 1 calculation shows that the TPSP is $\text{¥}3,150$ per 760ml,
therefore deduct the tax base of $(-)\text{¥}1,193.2$ per 760ml,
to arrive at a tax assessment of $\text{¥}1,956.8$ per 760ml.

This is a tax rate of 164.0% of the tax base, i.e. between the 220% and 150% rates. This exceptional rate only applies to domestic brands.

Example 3 Packaging allowance are deductible from the TPSP

Example 2 showed the tax computation on a Special Grade domestic whisky packed in a 760ml bottle with a known RSP of $\text{¥}4,500$. We will now examine the tax computation on the same domestic whisky packed in a decorative 720ml bottle with a known RPS of $\text{¥}5,000$ i.e. a smaller volume of the same whisky selling at a higher retail price.

Stage 1. $\text{¥}5,000 - 30\% = \text{¥}3,500$ TPSP

At this stage a deduction is made for the decanter pack which in this case is accepted as being $\text{¥}148$ per unit (A separate set of rules governs the permitted allowances on non-standard packaging materials.)

$$\begin{aligned} \text{¥}3,500 \text{ (gross TPSP)} &- \text{¥}148 \text{ (packaging allowance)} \\ &= \text{¥}3,352 \text{ net TPSP} \end{aligned}$$

Stage 2. $\text{¥}3,352 \times \frac{100}{320} = \text{¥}1,047$ tax base per 720ml

Stage 3. $\text{¥}1,047 \times \frac{1,000}{720} = \text{¥}1,454$ tax base per litre

BUT $\text{¥}1,861$ per litre tax base is more than the upper barrier limit of $\text{¥}1,570$ per litre. It would appear as though the 220% should have been applied, but we already know the 220% tax rate is incorrect.

This is the same situation as that shown in Example 2. The calculation proceeds as follows:

$$\text{¥}1,570 \text{ (barrier)} \times \frac{720}{1,000} = \text{¥}1,130.40 \text{ tax base per 720ml}$$

Stage 1. shows that the TPSP is $\text{¥}3,352$ per 720ml
therefore deduct the tax base of $(-)\text{¥}1,130.40$ per 720ml
 $\text{¥}2,221.60$ per 720ml.

This is a tax rate of 196.5% of the tax base, i.e. once again between the 220% and 150% rate, though at a higher level than in Example 2.

Stage 4. $¥1,064 \times 220\% = ¥2,340.80$ tax per 720ml.

It will be seen that after allowing for the unusual packaging this 720ml bottle of Special Grade domestic whisky with a known RSP of ¥5,000 will attract a ¥2,340.80 liquor tax.

Example 4 Standard Scotch whisky brands retails at ¥4,150 per bottle. How much liquor tax would a domestic whisky selling at the same price attract?

The Product: a Special Grade domestic whisky with a known RSP of ¥4,150 per 760ml bottle.

Stage 1. $¥4,150 - 30\% = ¥2,905$

Stage 2. $¥2,905 \times \frac{100}{250} = ¥1,162$ tax base per 760ml

Stage 3. $¥1,162 \times \frac{1,000}{760} = ¥1,528$ tax base per litre (omit fractions)

The tax base is ¥1,528 per litre which is below the upper barrier limit of ¥1,570 and above the lower barrier limit of ¥1,400, so the 150% tax rate has been correctly applied.

Stage 4. $¥1,162 \times 150\% = ¥1,743$ tax per 760ml

A 760ml bottle of Special Grade domestic whisky with a known RSP of ¥4,150 would attract ¥1,743 liquor tax.

Example 5 The specific tax rate (Suntory Reserve)

The Product: a Special Grade domestic whisky with a known RSP of ¥3,570 per 760ml bottle.

Stage 1. $¥3,570 - 30\% = ¥2,499$

Stage 2. $¥2,499 \times \frac{100}{250} = ¥999$ tax base per 760ml (omit fractions)

Stage 3. $¥999 \times \frac{1,000}{760} = ¥1,314$ tax base per litre (omit fractions)

BUT ¥1,314 per litre is below the 150% barrier limit of ¥1,400 per litre, and the specific tax rate of ¥2,098.10 per litre should be applied. The specific rate is applied by the customs on the manufacturer's declared selling price to wholesalers excluding tax.

The tax payable is $¥2,098.10 \times 0.760 = ¥1,594.55$.

APPENDIX 2

2.3 LIQUOR TAXES: - SPECIFIC TAX RATES: TIME SERIES

Type of Liquor/Grade	Alcoholic Strength	Tax Rate per kl				
		Revised May 1984	Revised May 1981	Revised May 1978	Revised May 1976	
Fruit Wine	Sugar content exceeding 26 grams or extract is 7% or higher	159,800 yen	118,800 yen	95,700 yen	77,000 yen	
	Others not included above and exceeding fixed value	60,400 yen	44,900 yen	36,200 yen	29,300 yen	
	Others	49,700 yen	37,000 yen	29,800 yen	24,000 yen	
Sweetened Fruit Wine	Less than 13%	117,300 yen	90,500 yen	72,900 yen	58,700 yen	
	13% or higher	Add 9,780 yen for every 1% exceeding 12%	Add 7,550 yen for every 1% exceeding 12%	Add 6,080 yen for every 1% exceeding 12%	Add 4,900 yen for every 1% exceeding 12%	
Whisky	Special Grade	Less than 44%	2,098,100 yen	1,755,300 yen	1,413,200 yen	1,136,900 yen
	First Grade	44% or higher	Add 45,160 yen for every 1% exceeding 43%	Add 47,780 yen for every 1% exceeding 43%	Add 30,410 yen for every 1% exceeding 43%	Add 24,460 yen for every 1% exceeding 43%
		Less than 41%	1,011,400 yen	810,800 yen	652,800 yen	525,400 yen
Second Grade	41% or higher	Add 44,760 yen for every 1% exceeding 40%	Add 35,880 yen for every 1% exceeding 40%	Add 28,800 yen for every 1% exceeding 40%	Add 23,240 yen for every 1% exceeding 40%	
	Less than 38%	296,200 yen	228,400 yen	183,900 yen	148,000 yen	
Spirits	Similar to whisky in flavor, color and other properties	Less than 38%	296,200 yen	228,400 yen	183,900 yen	148,000 yen
	38% or higher but less than 40%	Add 36,040 yen for every 1% exceeding 37%	Add 27,790 yen for every 1% exceeding 37%	Add 22,370 yen for every 1% exceeding 37%	Add 18,000 yen for every 1% exceeding 37%	

		Tax Rate per kl			
Type of Liquor/Grade	Alcoholic Strength	Revised May 1984	Revised May 1981	Revised May 1978	Revised May 1976
Spirits (countd)	40% or higher but less than 41%	1,011,400 yen	810,800 yen	652,800 yen	525,400 yen
	41% or higher but less than 43%	Add 44,760 yen for every 1% exceeding 40%	Add 35,880 yen for every 1% exceeding 40%	Add 28,880 yen for every 1% exceeding 40%	Add 23,240 yen for every 1% exceeding 40%
	43%	2,098,100 yen	1,755,300 yen	1,413,200 yen	1,136,900 yen
	44% or higher	Add 45,160 yen for every 1% exceeding 43%	Add 37,780 yen for every 1% exceeding 43%	Add 30,410 yen for every 1% exceeding 43%	Add 24,460 yen for every 1% exceeding 43%
Others	less than 38%	361,800 yen	279,300 yen	224,900 yen	181,000 yen
	38% or higher	Add 9,780 yen for every 1% exceeding 37%	Add 7,550 yen for every 1% exceeding 37%	Add 6,080 yen for every 1% exceeding 37%	Add 4,900 yen for every 1% exceeding 37%
Liqueur	Alcoholic strength of 15% or higher and extract of 21% or higher	367,000 yen	283,000 yen	227,900 yen	183,400 yen
	16% or higher	Add 24,470 yen for every 1% exceeding 15%	Add 18,870 yen for every 1% exceeding 15%	Add 15,200 yen for every 1% exceeding 15%	Add 12,230 yen for every 1% exceeding 15%
	less than 13%	117,300 yen	90,500 yen	72,900 yen	58,700 yen
	13% or higher	Add 9,780 yen for every 1% exceeding 12%	Add 7,550 yen for every 1% exceeding 12%	Add 6,080 yen for every 1% exceeding 12%	Add 4,900 yen for every 1% exceeding 12%

LIQUOR TAXES - AD VALOREM TAX RATES: TIME SERIES

<u>Type of Alcoholic Liquor</u>			<u>"Barrier" (yen per litre)</u>							
<u>Classification</u>	<u>Grade</u>	<u>Type</u>	<u>After May 1984</u>	<u>After Oct 1981</u>	<u>After Mar 1980</u>	<u>After May 1978</u>	<u>After Jul 1977</u>	<u>After Jul 1976</u>	<u>After Jul 1974</u>	<u>Current Tax Rates</u>
Fruit Wine	Fruit Wine	Sparkling	-	990	990	990	990	990	990	
		Other	1,020	930	870	870	770	770	770	50%
	Sweetened Fruit Wine	Sparkling	1,080	1,080	1,080	1,080	1,080	1,080	1,080	
		Other	870	870	870	870	840	840	840	
Whisky (including brandy)	Whisky - Special Grade		1,570	1,430	1,430	1,100	1,100	1,100	1,100	220%
			1,400	1,180	945	945	770	770	770	150%
	Whisky - First Grade		1,110	885	715	715	600	600	600	100%
	Whisky - Second Grade		570	440	440	440	390	390	390	65%
	Brandy - Special Grade		2,360	2,150	2,150	1,650	1,650	1,650	1,650	220%
			1,400	1,320	1,320	1,320	1,320	1,320	1,320	150%
			-	-	1,180	1,180	1,100	1,100	1,100	-
	Brandy - First Grade		1,300	1,040	840	840	840	840	840	85%
Brandy - Second Grade		650	650	650	650	650	650	650	60%	
Spirits.	Spirits	Excluding these similar to whisky in properties like flavor,color and others	540	540	540	540	480	480	480	100%
Liqueur		Alcoholic strength of 15% or higher and extract of 21% or higher	1,230	1,120	1,050	1,050	960	960	960	100%
	Others	Sparkling	-	1,200	1,200	1,200	1,200	1,200	1,080	
		Others	1,230	1,120	1,050	1,050	930	930	840	50%

APPENDIX 2

2.4 TAXATION APPLIED TO IMPORTED AND JAPANESE WHISKIES

The following taxation rates apply:

	Retail Price (Y/Litre)	Alc. Strength	Import Duty (y/l)	Liquor Tax (y/l)	Total Import Duty+Liquor Tax (y/l)	Liquor Tax (per bottle)
<u>1. Scotch Whisky</u>						
'Premium'	15,000	43%	332	4,053.28	4,385.28	3,039.96 (75c1)
'Deluxe'	10,000	43%	332	2,098.1	2,430.1	1,573.575 (75c1)
"	8,500	43%	332	2,098.1	2,430.1	1,573.575 (75c1)
"	8,000	43%	332	2,098.1	2,430.1	1,573.575 (75c1)
Intermediate	5,000	40%	299	2,098.1	2,397.1	1,573.575
Standard	4,150	43%	299	2,098.1	2,397.1	1,573.575 (75c1)
<u>2. Other Imported Whiskies</u>						
US Whisky (Bourbon) N/K*		N/K	154	2,098.1	2,252.1	1,573.575 (75c1)
Canadian Whisky (Rye) N/K		N/K	205	2,098.1	2,303.1	1,573.575 (75c1)
Admixtures (First Grade/Mr Bar) 2,300		40%	299	1,380	1,679	966 (70c1)
<u>3. Japanese Whiskies</u>						
Special Grade	15,000	43%		12,029		7,218 (60c1)
"	8,000	43%		5,066		3,850 (76c1)
"	5,800	43%		3,291		2,369 (72c1)
"	5,000	43%		3,086		2,221.6 (Decorative Bottle)
"	4,500	43%		2,575		1,956.8 (76c1)
"	3,570	43%		2,098.1		1,594.6 (76c1)
"	3,170	43%		2,098.1		1,594.6 (76c1)
"	2,750	43%		2,098.1		1,594.6 (76c1)
First Grade	1,960	42%		1,100.9		792.7 (72c1)
"	1,620	40%		1,011.4		728.2 (72c1)
Second Grade	900	39%		368.3		265.2 (72c1)
"	670	37%		296.2		189.6 (64c1)

* N/K = Not Known.

From the above it will be seen that on a 'per litre' and 'per bottle' basis:

- a. Most Scotch Whisky is currently subject to the same rate of liquor tax as (i) other imported whiskies (but not admixtures) and (ii) lower-priced 'special' grade Japanese whiskies. However the total tax including import duty is greater on Scotch Whisky than on these products.

- b. The liquor tax on 'Premium' Scotch Whisky and Japanese 'special' grade whisky with a retail price of ¥4,500 or more is very much higher than that on other imported and domestic 'special' grade whiskies.
- c. The liquor tax on all imported and domestic 'special' grade whiskies is out of all proportion to that on 'first' and 'second' grade whiskies.

Source: Scotch Whisky Association

APPENDIX 22.5 LIQUOR TAX RATES CURRENTLY APPLIED

<u>Product</u>	<u>Tax</u> (y/1)	<u>Index</u> (Special Grade whisky = 100)
<u>The 'Whisky Category' (which includes brandy)</u>		
The minimum rates for all whisky and brandy are:		
'Special' grade (not exceeding 43% vol)	2,098.1	100
'First' grade (" " 40% vol)	1,011.4	48
'Second' grade (" " 37% vol)	296.2	14
<u>Other spirits</u> , eg vodka, (not exceeding 37% vol)	361.8	17
<u>Shochu</u> - Type A (Koh-ruì) (25% vol)	78.6	4
- Type B (Otsu-ruì) (25% vol)	50.9	2
<u>Liqueurs</u> - "15% or higher and extract of 21% or higher" (15% vol)	367.0	17
- "Other" (13% vol)	117.3	6
<u>Sake</u> - 'Special' grade (16% vol)	603.64	29
- 'First' grade (15% vol)	279.5	13
- 'Second' grade (15% vol)	107.9	5
- Synthetic	81.6	4
<u>Fruit Wine</u> - "Sugar content exceeds 26 g, or extract is 7% or higher"	159.8	8
"The Others"	60.4	3
"Cheap and peculiar to Japan"	49.7	2
<u>Sweetened Fruit Wine</u> (less than 13% vol)	117.3	6
<u>Beer</u>	239.1	11

From the above it will be seen that:

- (a) The rates for all 'special' and 'first' grade whiskies are very much higher than those for any other product.
- (b) The rate for 'second' grade whisky at 37% vol is lower than that for products with a much lower alcoholic strength, eg liqueurs and sake.
- (c) The lowest rates apply to shochu.
- (d) The rate for 'special' grade whisky is totally out of proportion to that on other products. For instance, the most highly taxed 'other' product is special grade sake. As its strength is 16% vol and whisky's is 43% vol, one might expect the tax on whisky to be 2.7 times that on sake. However, it is in fact about 3.4 times as great. The discrepancy is even greater for all other products.

Note: The above rates apply when a product's "tax base" (for imports the cif + duty price) does not exceed a given "threshold" or "tax barrier". Special grade whisky and brandy are subject to 150% ad valorem tax when the tax barrier exceeds ¥1,400 per litre, and a 220% tax applies when it exceeds ¥1,570 (whisky) or ¥2,360 (brandy).

Where a strength is given above, different rates apply when the strength differs from that strength. There are also different rates for bottle sizes smaller than 200ml.

Source: Scotch Whisky Association

APPENDIX 2

2.6 Examples of Pricing Structures

SCOTCH WHISKY

Applicable tax range relative to CIF value (per liter)

Unit: yen

C.I.F	Customs Duty	Liquor Tax Assessment Base	Applicable Liquor Tax	Agent's Purchasing Price
— 830.55	Specific Duty (lowest limit) 299.00	— 1.129.55	Specific Tax 2,098.10	— 3,227.65
830.56 — 922.21	36 %	1.129.56 — 1.254.20	↑	3,227.66 — 3,352.30
922.22 — 1,068.00	Specific Duty (Highest limit) 332.00	1.254.21 — 1,400.00	↑	3,352.31 — 3,498.10
1,068.01 — 1,239.00	↑	1,400.01 — 1,570.00	Ad valorem 150%	3,500.02 — 3,925.00
1,239.01 —	↑	1,570.01 —	Ad valorem 220%	5,024.03 —

(A) 1. Standard Scotch - Landed Cost per Case (9 litres)

FOB Price: Net FOB (£16.38)	¥5,569
Freight & Insurance	470
CIF	¥6,039 /case
	= ¥503 /bottle
Landed/clearing charges	= ¥ 27 /bottle

2. Standard Scotch - Pricing Structure per Bottle

	(A)	(B)	(C)	(D)	(E)
	Customs Duty	Liquor Tax	Agent's Margin	Wholesale Margin	Retail Margin
CIF	503 yen	1,573.57 yen	782 yen	210 yen	830 yen
	12.1%	37.9%	18.8%	5.1%	20.0%

Agent's purchasing price	- 2,328 yen
Agent's selling price	- 3,110 yen
Standard wholesale price	- 3,320 yen
Standard retail price	- 4,150 yen

- Note: 1. Applied lowest customs duty (299 yen/liter) and specific duty (2,098.10 yen/liter).
 2. Agent's selling price is nominal price and does not consider discounts and rebates which in actual situations are believed

to vary considerably between agents/brands. Similarly, since the wholesalers provide discounts in anticipation of agent discounts/rebates, the actual wholesale price may become even lower than the agent's selling price.

(B) 1. DCL Premium Scotch - Landed Cost per Case (9 litres)

FOB Price: Net FOB (£31.11)	¥10,577
Freight & Insurance	470
CIF	¥11,047
	= <u>¥920 /bottles</u>
Landing/clearing charges	= <u>¥ 35 /bottles</u>

2. Premium Scotch - Pricing Structure per Bottle

	(A)	(B)	(C)	(D)	(E)
CIF	Customs Duty	Liquor Tax	Agent's Margin	Wholesaler Margin	Retail Margin
920 yen	249 yen	1,573.57 yen	2,822 yen	800 yen	1,600
11.5%	3.1%	19.7%	35.3%	10.0%	20.0%

Agent's purchasing price	2,778 yen
Agent's selling price	5,600 yen
Standard wholesale price	6,400 yen
Standard retail price	8,000 yen

- Note: 1. Applied highest customs duty (332 yen/liter) and specific duty (2,098.10 yen/liter).
2. Currently three types (i.e. standard retail prices of 8,000yen, 8,500yen and 10,000yen) of DCL premium scotch are imported into Japan. Pricing structures for products with retail prices of 8,500 yen and 10,000 yen are different from above structure.

BRANDY (COGNAC)

Applicable tax range relative to CIF value (per liter)

Unit: yen

CIF	Customs Duty	Liquor Tax Assessment Base	Applicable Liquor Tax	Agent's Purchasing Price
- 993.00	407	- 4,400.00	Specific Tax 2,098.10	- 3,498.10
993.01 - 1,983.00	407	1,400.01 - 2,360.00	Ad Valorem Tax ^{150%} 2,100.01 - 3,540.00	3,500.02 - 5,900.00
1,983.01 -	407	2,360.01 -	Ad Valorem Tax ^{220%} 5,192.02 -	7,552.03

Note: It is impossible to provide a specific example of the pricing structure for cognac products. Reasons include -

1. FOB prices even vary between brands of same grade (i.e. VSOP, Napoleon, etc.). There are no "guiding prices" for cognac products as there are for DCL products.
2. FOB export prices for all brands have been increasing significantly in recent years.

However, a 150% ad valorem rate generally applies to VSOP grade products and 220% rate to Napoleon grade and above. The specific tax rate applies to Napoleon with a retail price of 10,000 yen.

To estimate CIF prices from the above,-

- 10,000 yen (retail price) Napoleon is approximately 695 yen/bottle
- V.S.O.P. cognac varies between 695 and 1,367 yen
- Napoleon is 1,367 yen or higher

Pricing Structures

The charts below illustrate two cases of theoretical pricing structures for Cognac V.S.O.P. (per bottle).

Case 1. High CIF

	(A)	(B)	(C)	(D)	(E)
CIF	Customs Duty	Liquor Tax	Agent's Margin	Wholesale Margin	Retail Margin
8,350 yen	284.90 yen	2,452 yen	4,263 yen	1,250 yen	2,400 yen
11.3%	2.4%	20.4%	35.5%	10.4%	20.0%

Case 2. Low CIF

CIF	Customs Duty	Liquor Tax	Agent's Margin	Wholesale Margin	Retail Margin
700 yen	284.90 yen	1,477.35 yen	5,887.75 yen		
5.8%	2.4%	12.3%	49.1%	10.4%	20.0%

Note: - Case 1 used FOB price of approximately 48FF.
 Case 2 used FOB price of approximately 25FF.
 Both are subject to 150% ad valorem tax rate.

- Agent selling prices vary from one brand to another (some brands are sold at as low as 7,700 yen).
- Since there are different types of incentives available to the wholesalers and retailers, actual agent markups are believed to be much less than theoretical margins.

WINEApplicable tax range relative to CIF value (per liter)

CIF	Customs Duty	Liquor Tax Assessment Base	Applicable Liquor Tax	Agent's Purchase price
- 284.00	Specific Duty (Lowest limit) 166.00	- 450.00	Specific Tax (Lower limit) 49.70	- 499.70
284.01 - 436.84	↑	450.01 - 602.84	Specific Tax (Higher limit) 60.40	510.41 - 663.24
436.85 - 736.84	Ad valorem 38% 166.00-280.00	602.85 - 1,016.84	↑	663.25 - 1,077.24
736.85 - 740.00	Specific Duty (Highest limit) 280.00	1,016.85 - 1,020.00	↑	1,077.25 - 1,080.40
740.01 -	↑	1,020.01 -	Ad valorem, 56% 510.00-	1,530.01 -

Note: Applied new customs duty rates expected to be in effect April 1st 1985.

- Comments: (1) Retail prices of imported wines vary significantly depending on the country of origin and the quality/grade of wine. Retail prices range from only 1,000 yen to 10 - 20,000 yen (or even higher) reflecting the differences in agents' pricing strategies. Hence, it is extremely difficult to provide a standard pricing structure for imported wine products.
- (2) For products retailed between 1,000-1,200 yen, specific tax rates are generally applied. The majority of the products up to a retail price of 1,800 yen are subject to specific tax rates.

IMPORT DUTIES IN JAPAN

APPENDIX 3

3.1 THE LAWS AND REGULATIONS GOVERNING CUSTOMS DUTIES IN JAPAN

Introduction

Japanese customs duties, and customs systems, are based on the Customs Law and Customs Tariff is temporarily modified by the Customs Duties Interim Measure Law. Japan is a signatory to GATT and that agreement has precedence over domestic law.

The Customs Law is the basic administrative law used by the customs officials. It is not only a law imposing customs duties on imported goods, but it also regulates the procedures for the assessment, payment and collection of dutiable articles as well as defining dutiable articles and the duty payers.

The Customs Tariff Law regulates practical matters such as the tariff, the duty base and duty exemption and is directly concerned with the actual amount of the duty assessment.

Dutiable Articles

Dutiable articles are foreign goods imported into Japan for one's personal use or for resale in the Japanese market. "To import" means to withdraw dutiable articles from a Japanese bond for one's personal use or for resale in the Japanese market. If goods are consumed in Japan before duty has been paid the consumed, or used, articles are regarded as already imported and become dutiable.

A dutiable article is generally assessed for duty when an importer submits an import application to the customs house. The quality and quantity of the imported goods are assessed according to the application declaration.

The Duty Payer

Duty payers are persons who import foreign goods. The duty payer is the consignee printed on the invoice (or the bill of lading). When goods are resold in bond and before duty has been paid the final owner becomes the duty payer.

The Classification of Alcoholic Liquors

The classification of alcoholic liquors for assessing customs duties is found within the Customs Tariff Law and is based on the Brussels Tariff Nomenclature (B.T.N.).

The Method of Imposing Duty

The Duty Base: There are two duty bases:

- i) The "specific" duty which is based on the quantity of the goods imported and

- ii) the "ad valorem" duty which is based on the value of the goods imported.

The specific duty method of assessment is most commonly used in Japan. (Later it will be seen that liquor tax is also charged and duty is added to the duty base to calculate the liquor tax base.)

The Customs Tariff

According to the Law, the customs tariff is divided in two tariffs, firstly the "statutory tariff" as defined by the law, and secondly the "conventional tariff" as defined by treaties.

The statutory tariff consists of a general tariff, and a preferential tariff. The general tariff is shown in the table attached to the Customs Tariff, and is applied permanently unless a change is made to the conditions. The "temporary tariff" is shown in the table attached to the Customs Temporary Measure Law. It is applied temporarily in place of the general tariff, when the latter requires correction, or when it is difficult to apply the general tariff to a specific item.

To promote imports all customs tariffs were uniformly reduced by 20% in November 1972 and this reduction was carried out by an amendment to the Customs Temporary Measure Law. Therefore the 1972 reduction could be termed as only a temporary tariff.

Whilst the general tariffs and temporary tariffs are applied equally to goods imported from all countries, a tariff applied only to the imports from specific countries, such as developing countries, is the preferential tariff. This preferential tariff is lower than the tariffs applied to imports from already developed countries.

The Applicable Duty Rates

For the purpose of assessment of duty, a Preferential rate is applied in preference to a GATT rate, a GATT rate in preference to a Temporary rate and a Temporary rate in preference to a General rate. However, if a GATT rate is not lower than the other rates, the rate applicable is a Temporary rate, or if no Temporary rate is provided a General rate.

Source: "The Japanese Liquor Market 1983".
Shokuhin Sangyo Shimbun-sha

The table on the following page indicates which of these rates is applicable to goods originating in a country or an area.

Applicable Rate by Country or Area									
Code No.	Country or Area	Preferential	GATT	Statutory	Code No.	Country or Area	Preferential	GATT	Statutory
2	EUROPE				312	Panama	○	△	
201	Iceland		○		313	Canal Zone		○	
202	Norway		○		314	Bermuda	○	○	
203	Sweden		○		315	The Commonwealth of the Bahamas	○	△	
204	Denmark		○		316	Jamaica	○	○	
205	United Kingdom		○		317	Turks & Caicos Islands	○	○	
206	Ireland		○		319	Barbaros	○	○	
207	Netherlands		○		320	Trinidad & Tobago	○	○	
208	Belgium		○		321	Cuba	○	○	
209	Luxembourg		○		322	Haiti	○	○	
210	France		○		323	Dominica Republic	○	○	
211	Monaco		○		324	Puerto Rico		○	
212	Andorra			○	325	Virgin Island	○	○	
213	Federal Republic of Germany		○		326	Netherlands Antilles	○	○	
214	German Democratic Republic		○		327	French West Indies		○	
215	Switzerland		○		328	Cayman Islands	○	○	
216	Azores	○	○		329	Grenada	○	△	
217	Portugal	○	○		330	St. Lucia	○	○	
218	Spain	○	○		331	Antigua	○	○	
219	Gibraltar	○	○		332	British Virgin Islands Territories	○	○	
220	Italy		○		333	Commonwealth of Dominica	○	○	
220	Vatican City		△		334	Montserrat	○	○	
221	Malta	○	○		335	St. Kitts, Nevis, Anguilla	○	○	
222	Finland		○		336	St. Vincent & the Grenadines	○	○	
223	Poland		○		4	SOUTH AMERICA			
224	U.S.S.R.		○		401	Colombia	○	○	
225	Austria		○		402	Venezuela	○	△	
226	Czechoslovakia		○		403	Guyana	○	○	
227	Hungary		○		404	Surinam	○	○	
228	Yugoslavia	○	○		405	French Guiana	○	○	
229	Albania			○	406	Ecuador	○	△	
230	Greece		○		407	Peru	○	○	
231	Rumania	○	○		408	Bolivia	○	△	
232	Bulgaria	○	○		409	Chile	○	○	
233	Cyprus	○	△		410	Brazil	○	○	
234	Turkey	○	○		411	Paraguay	○	△	
3	NORTH AMERICA				412	Uruguay	○	○	
301	Greenland		○		413	Argentina	○	○	
302	Canada		○		5	AFRICA			
303	St. Pierre & Miquelon		○		501	Morocco	○	△	
304	U.S.A.		○		503	Algeria	○	△	
305	Mexico	○	○		551	South Africa			○
306	Guatemala	○	△		6	OCEANIA			
307	Honduras	○	△		601	Australia		○	
308	Belize	○	○		606	New Zealand		○	
309	El Salvador	○	○						
310	Nicaragua	○	○						
311	Costa Rica	○	△						

- Notes:
1. "Statutory" rate means the Temporary rate, where it is provided, otherwise the General rate.
 2. As regards priority among the applicable rates, the explanation appears on page -3.
 3. In the column of "GATT", mark "△" indicates that the conventional rates which are equal to GATT rates are applicable to the products of the country or area, under the provision of the Cabinet Order in accordance with the Article 5 of the Customs Tariff Law.
 4. In each column, mark "○" indicates duties applicable to the products of the country or area.
 5. In the column of "preferential", mark "⊙" indicates that the rates applicable to the products of the country or area are based on paragraph 2 of Article 3 bits of Customs Temporary Measure Law.

Standard International Trade Classification (SITC) Code Definitions

- 22.03-000 Beer made from malt
- 22.04-000 Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol
- 22.05-100 Champagne and other sparkling wines
- 22.05-210 Wine of fresh grapes: grape must with fermentation arrested by the addition of alcohol, in containers of a capacity exceeding 150 litres
- 22.05-291 Sherry, port and other fortified grape wine, in containers of a capacity not more than 150 litres
- 22.05-299 Other wines of fresh grapes; grape must with fermentation arrested by the addition of alcohol, in containers of a capacity not more than 150 litres
- 22.06-000 Vermouths, and other wines of fresh grapes flavoured with aromatic extracts
- 22.07-100 Sake (seishu or dakushu)
- 22.07-200 Other fermented beverages
- 22.08-100 Ethyl alcohol; denatured spirits of an alcoholic strength of 90 degrees or higher
- 22.08-210 Intended for use in the distillation of alcohol for making alcoholic beverages, for the quantity (quota) stipulated by a Cabinet Order, n.e.s.
- 22.08-290 Ethyl alcohol 80 degrees or higher, denatured spirits, n.e.s.
- 22.09-111 Bourbon whiskey, provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic, of an alcoholic strength of 50 degrees or higher, excluding those in containers of a capacity less than 2 litres
- 22.09-113 Other whisky of an alcoholic strength of 50 degrees or higher, excluding those in containers of a capacity less than 2 litres
- 22.09-114 Bourbon whiskey, provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic, n.e.s.
- 22.09-115 Rye whiskey, provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic, n.e.s.
- 22.09-119 Whisky, n.e.s.
- 22.09-121 Brandy, including cognac; of an alcoholic strength of 50 degrees or higher, excluding those in containers of a capacity less than 2 litres, obtained by distilling wine or grape marc
- 22.09-122 Other brandy, including cognac; of an alcoholic strength of 50 degrees or higher, excluding those in containers of a capacity less than 2 litres
- 22.09-123 Brandy, obtained by distilling wine or grape marc, n.e.s.
- 22.09-129 Brandy, n.e.s.
- 22.09-130 Gin
- 22.09-142 Rum
- 22.09-149 Other distilled alcoholic beverages
- 22.09-210 Liqueurs
- 22.09-220 Synthetic sake and white sake
- 22.09-230 Other spirituous beverages
- 22.09-300 Compound alcoholic preparations, for the manufacture of beverages

The Japanese Liquor Classifications and The Duty Rates

B.T.N. No.	Stat. Code No.	Description	Rate of Duty					Unit
			General	GATT		Preferential	Temporary	
				Dec. 31, '83	Mar. 31, '84			
22.03	000	Beer made from malt	¥75/L	17.5%	16.9%	Free	¥8/L	L
22.04	000	Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol	¥400/L			Free	¥320/L	L
22.05		Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol:						
	100	1 Champagne and other sparkling wine	¥650/L	¥552.50/L	¥528.13/L	¥325/L (* Free)	¥455/L	L
		2 Other	¥400/L					
(22.05-2)	210	(1) In containers of a capacity exceeding 150 L		¥280/L	¥250/L	¥40/L (* Free)	¥160/L	L
		(2) Other:					¥280/L	
	291	- Sherry, port and other fortified grape wine		¥340/L	¥325/L			L
	299	- Other		67% or ¥340/L, whichever is the less, subject to a minimum customs duty of ¥275/L	64% or ¥325/L, whichever is the less, subject to a minimum customs duty of ¥243.75/L			L
				(*) 55% or ¥280/L, whichever is the less, subject to a minimum customs duty of ¥199/L.				
22.06	000	Vermouths, and other wines of fresh grapes flavoured with aromatic extracts	¥180/L	¥153/L	¥146.25/L	¥90/L (* Free)	¥126/L	L
22.07		Other fermented beverages (for example, cider, perry and mead):						
	100	1 Sake (Seishu or Dakushu)	¥220/L	¥110/L	¥110/L	Free	¥88/L	L
	200	2 Other	¥160/L	¥93.50/L	¥89.38/L	¥55/L (* Free)	¥77/L	L
22.08		Ethyl alcohol or neutral spirits, undenatured, of a strength of 80% or higher; denatured spirits (including ethyl alcohol and neutral spirits) of any strength:						
	100	1 Of an alcoholic strength of 90% or higher	50%				40%	L
		2 Other	¥70/L					

B.T.N. No.	Stat. Code No.	Description	Rate of Duty				Unit	
			General	GATT		Preferential		Temporary
				Dec. 31, '83	Mar. 31, '84			
(22.08-2)	210	-1- Intended for use in distilling alcohol for making alcoholic beverages, through the continuous still (hereinafter in this heading referred to as "Roughly distilled alcohol for beverages"): for the quantity (quota) stipulated by a Cabinet Order on the "Roughly distilled alcohol for beverages" of this heading and spirits, alcohol and distilled alcoholic beverages of subheading 1-(4)-1- of heading No. 22.09, in consideration of demand and supply and other relevant conditions on sweet potatoes and other raw materials for the manufacture of alcohol (in the said subheading referred to as "the Pooled Quota")				(O) Free	L.	
	290	-2- Other				¥56/L	L.	
22.09		Spirits (other than those of heading No. 22.08); liqueurs and other spirituous beverages; compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages:						
		1 Spirits; alcohol and distilled alcoholic beverages:						
		(1) Whisky:						
		A. Of an alcoholic strength of 50% or higher, excluding those in containers of a capacity less than 2 L	¥660/L					
(22.09 -1-(1)-A)	111	-1- Bourbon whiskey Provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic by the Government or a Government instrumentality of the country of origin		29.8%	28.4%	24.5%	L.	
	112	-2- Rye whiskey Provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic by the Government or a Government instrumentality of the country of origin		34%	32.5%	28%	L.	

B.T.N. No.	Stat. Code No.	Description	Rate of Duty					Unit
			General	GATT		Preferential	Temporary	
				Dec. 31, '83	Mar. 31, '84			
	113	-3- Other		¥536.50/L	¥505.63/L		¥370/L	L
		B. Other	¥550/L					
	114	-1- Bourbon whiskey <i>Provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic by the Government or a Government instrumentality of the country of origin</i>		29.8%	28.4%		24.5%	L
	115	-2- Rye whiskey <i>Provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic by the Government or a Government instrumentality of the country of origin</i>		34%	32.5%		28%	L
	119	-3- Other		¥446.50/L	¥420.63/L		36% or ¥332/L, whichever is the less, subject to a minimum customs duty of ¥299/L.	L
		(2) Brandy, including cognac:						
		A. Of an alcoholic strength of 50% or higher, excluding those in containers of a capacity less than 2 L.	¥780/L	¥582.50/L	¥533.13/L		¥345/L	
(22.09 -1-(2)-A)	121	- Spirits obtained by distilling wine or grape marc						L
	122	- Other						L
		B. Other	¥650/L	¥552.50/L	¥528.13/L		¥407/L	
	123	- Spirits obtained by distilling wine or grape marc						L
	129	- Other						L
	130	(3) Gin	¥220/L	42.5% or ¥187/L, whichever is the less	40.6% or ¥178.75/L, whichever is the less	¥110/L (*) Free	35% or ¥154/L, whichever is the less	L
		(4) Other	¥300/L					
		-1- Intended for use in distilling alcohol for making alcoholic beverages through the continuous still: for "the Pooled Quota"					(O) Free	L

B.T.N. No.	Stat. Code No.	Description	Rate of Duty					Unit
			General	GATT		Preferential	Temporary	
				Dec. 31, '83	Mar. 31, '84			
	141	- Rum		45%	45%		L.	
	141	- Ethyl alcohol		¥150/L.	¥150/L.		L.	
	141	- Other distilled alcoholic beverages		36%	35%		L.	
		-2- Other						
	142	(i) Rum		45%	45%		36% L.	
	143	(ii) Ethyl alcohol		¥150/L.	¥150/L.	¥60/L. (*) Free	¥120/L L.	
	149	(iii) Other distilled alcoholic beverages		36%	35%	¥45/L. (*) Free	32% L.	
		2. Liqueurs and other spirituous beverages:						
	210	(1) Liqueurs	¥360/L.	¥306/L.	¥292.50/L.		¥252/L L.	
	220	(2) Synthetic sake and white sake	¥220/L.	¥110/L.	¥110/L.	Free	¥88/L L.	
	230	(3) Other	¥400/L.	¥180/L.	¥175/L.	Free	¥160/L L.	
	300	3. Other	35%	20%	20%	Free	16% KG	

- Notes:
1. The mentions "Dec. 31, '83" and "Mar. 31, '84" in the "GATT" column mean that the rates in the "Dec. 31, '83" and "Mar. 31, '84" columns are applicable to goods imported during the period from 1st April 1983 to 31st December 1983 and to those imported during the period from 1st January 1984 to 31st March 1984 respectively.
 2. The asterisks put to rates in the "GATT" column denote that these rates are Temporary rates based on Annex 1-2 (Special Reduced Tariff Schedule) to the Temporary Tariff Measures Law. They are applicable only to goods originated in the countries to which the GATT rates are applied.
 3. The mark (*) put to certain Preferential rates denote that these rates are applicable only to the goods concerned originating in the Least Developed Countries.
 4. The marks (O) put to certain Temporary rates denote Reduced rates based on the provision of Article 8-7 of the Temporary Tariff Measures Law.

APPENDIX 3

3.2 SELECTED JAPANESE CUSTOMS DUTIES - TIME SERIES

B.T.N. No.	Stat. Code No.	Description	1972	1978	1980	1982	1983	Remarks
22.05		Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol:						
(22.05-2)	210	(1) In containers of a capacity exceeding 150 L	Y160/liter	Same rate since 1972				Wine (BULK)
	299	- Other	Y320/liter	Y280/liter	-Y280/liter for CIF value of Y509.10/liter or higher			Wine (BOTTLE)
					-55% for CIF value of Y361.82/liter or higher but less than Y509.10/liter			
					-Y199/liter for CIF value of less than Y361.82/liter			
(22.09-1-(1)-A)	111	-1- Bourbon whisky Provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic by the Government or a Government instrumentality of the country of origin	28%	24.5%	Same rate since 1978			Bourbon whisky (BULK)
	113	-3- Other	Y472/liter	Y413/liter		Y370/liter		Whisky (BULK MALT)

B.T.N. No.	Stat. Code No.	Description	1972	1978	1980	1982	1983	Remarks
		B. Other						
114	-1-	Bourbon whisky Provided that the container is labelled to indicate the commercial identification of the product, and that the contents are certified as authentic by the Government or a Government instrumentality of the country of origin	28%	24.5%	Same rate since 1978			Bourbon whisky (BOTTLE)
119	-3-	Other	Y392/liter	Y343/liter		-Y332/liter for CIF value of Y922.22/liter or higher		Scotch (BOTTLE)
						-36% for CIF value of Y830.55/liter or higher but less than Y922.22/liter		
						-Y299/liter for CIF value of less than Y830.55/liter		
		(2) Brandy, including cognac:						
		A. Of an alcoholic strength of 50% or higher, excluding those in containers of a capacity less than 2 L	Y440/liter	Y385/liter			Y345/liter	Brandy, including cognac (BULK)
(22.09-1-(2)-A)	121	- Spirits obtained by distilling wine or grape marc						
		B. Other	Y520/liter	Y455/liter			Y407/liter	Brandy, including cognac (BOTTLE)

B.T.N. No.	Stat. Code No.	Description	1972	1978	1980	1982	1983	Remarks
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(4) Other

-1- Intended for use in distilling alcohol for making alcoholic beverages through the continuous still: for "the Pooled Quota"

APPENDIX 3

3.3 DECREASE OF DUTY RATES FOR WINES

Revised duty rates for wines, effective 1st April, 1985, are as follows:

<u>Commodity</u>	<u>Current rate</u>	<u>New rate</u>
Wine in containers of capacity exceeding 150 litre	Standard rate ¥160/L.	¥80/L.
	Preferential ¥40/L.	¥30/L.
Wine except above containers	55% or ¥280/L which ever is the less, subject to a minimum customs duty of 199/L.	38% or ¥280/L which ever is the less, subject to a minimum Customs duty of ¥166/L.
	55% duty will be applied on CIF between ¥509.10 (maximum) and ¥361.82 (minimum) per litre	38% duty will be applied on CIF between ¥736.85 (maximum) and ¥436.85 (minimum) per litre
Champagne and other Sparkling Wine	Standard rate ¥455/L	¥360/L.
	Preferential ¥325/L	¥260/L.
Sherry and Port	¥280/L	¥220/L.

APPENDIX 33.4 NEW DUTY RATES ANNOUNCED IN THE ACTION PROGRAMME

Product	Existing	"Action Programme"
<u>Whisky:</u> bulk	¥370/litre	¥296/litre
bottled	¥299-332/litre (basis 36% ad val)	¥246.40/litre
<u>Wine from fresh grapes:</u> bulk		
. std.	¥80/litre	¥64/litre
. pref.	¥30/litre	¥24/litre
bottled	¥166-280/litre (basis 38% ad val)	¥132.80-224/litre (basis 30.4% ad val)
<u>Champagne and other sparkling wines:</u> pref	¥260/litre	¥208/litre
<u>Brandy:</u> . bulk	¥345/litre	¥276/litre
. bottled	¥407/litre	¥325.60/litre
<u>Bourbon:</u> bottled	24.5%	19.6%

LIQUOR TAXES OVERSEAS

APPENDIX 4

4.1 EC LIQUOR TAXES

COMMISSION DES C.E. * COMMISSION OF THE E.C. * KOMMISSION DER E.G. - XV/B/3 TAB.

TAUX DES ACCISES ET DE TVA SUR L'ALCOOL ET BOISSONS ALCOOL. * EXCISE-AND VAT-RATES ON ALCOHOL AND ALCOHOL BEVERAGES
 VERBRAUCHSTEUER-U.MWST-SAETZE AUF ALKOHOL U. ALKOHOLGETRAENKE (SITUATION: 1. 4. 1985)
 (a) = mon.nat./nat.curr./nat.Whrg. (b) = ECU)

PRODUIT-PRODUCT-PRODUKT #)	B	DK	D	F	GR	IRL	I	L	NL	UK
1. ALC. & EAUX-DE-VIE DE VIN * ALC. & SPIRITS a)	56500	36500	2550	7655	6451	1866.4	340000	38000	3178	1577
FR. WINE * ALC. U. SPIRITS		2879.09		373.10	24.51					
RIT. A. WEIN (1,2,3,4) b)	1252.54	4568.99	1140.98	1122.23	66.66	2607.56	238.38	842.42	1260.28	2684.92
2. ALC. DE MELASSE * ALC. FR. MOLASSES * ALC. AUS MELASSE a)	56500	36500	2550	7655	6451	1866.4	420000	38000	3178	1577
b)	1252.54	4568.99	1140.98	1122.23	66.66	2607.56	294.47	842.42	1260.28	2684.92
3. RHUM * RUM * RUM (3,4) a)	56500	36500	2550	4405	6451	1866.4	420000	38000	3178	1577
b)	1252.54	4568.99	1140.98	645.78	66.66	2607.56	294.47	842.42	1260.28	2684.92
4. ALC. & SPIRIT. D'AUTRES MAT. * ALC. & SPIRITS a)	56500	36500	2550	7655	6451	1866.4	340000	38000	3178	1577
FR. OTH. MAT. * ALC. U. SPIRITS										
RIT. A. AND. ROHST. (1,3,4) b)	1252.54	4568.99	1140.98	1122.23	66.66	2607.56	238.38	842.42	1260.28	2684.92
VINS AROMAT. & VINS DE LIQUEUR * AROMAT. WINES a)	POS. 16	POS. 16	2550	6795	387.03	POS. 16	340000	POS. 16	POS. 16	POS. 16
& LIQUEUR WINES * AROMAT. MAT. WEIN U. LIKOEERWEIN (5,6,9,11) b)	POS. 16	POS. 16	1140.98	996.16	4.00	0.00	238.38	0.00	0.00	0.00
6. ALCOOL MED. OU PHARM. NON DENAT. * MEDICAL & PHARM. ALCOHOL, NOT DENAT. * MED. U. PHARM. ALKOHOL, UNVERGAELT (7) a)	56500	0	1200	295	474	0	340000	38000	3178	0
b)	1252.54	0.00	536.93	43.25	4.90	0.00	238.38	842.42	1260.28	0.00
7. ALC. PARFUM./COSMET., N. DEN. * ALC. F. PERF. & COS-a)	0	0	600	775	6451	1866.4	340000	0	1040	1577
MET., N. DEN. * ALC. F. PARF. & COSMET., UNVERG. (7) b)	0.00	0.00	268.46	113.62	66.66	2607.56	238.38	0.00	412.43	2684.92
8. ALC. PARFUM./COSMET., DEN. * ALC. F. PERFUMES & COSMET., DENAT. * ALC. F. PARF. U. KOSMET., VERG. (7) b)	0.00	0.00	268.46	113.62	66.66	0.00	8.41	0.00	412.43	0.00
9. ALC. A L'USAGE INDUS-TRIEL, DENAT. * ALC. F. IN-a)	0	0	0	0	474	0	12000	0	0	0
DISTR. PURPOS., DENAT. * ALC. F. INDUSTRIELLE ZWECHE, VERGAELT b)	0.00	0.00	0.00	0.00	4.90	0.00	8.41	0.00	0.00	0.00
10. ALC. P. VINAIGRE * ALC. F. VINEGAR * ALC. F. ESSIG (10) a)	0	0	0	0	2372	0	0	0	0	0
b)	0	0	0	0	24.51	0	0	0	0	0
11. ALC. IPH * IPH-ALC. * IPH-ALK. (8) a)	0	0	600	0	6451	0	0	0	0	0
b)	0.00	0.00	268.46	0.00	66.66	0.00	0.00	0.00	0.00	0.00
TAUX TVA * VAT-RATES * MWST-SAETZE -> PROD. 1-11	25%	22%	14%	18.6%		23%	18%	12%	19%	15%
DERN. MODIF. * LAST CHANGE	1. 1.	21. 5.	1. 7.	1. 2.	9. 3.	1. 3.	1. 1.	1. 1.	1. 2.	19. 3.
LETZTE AENDERUNG	1984	1984	1983	1983	1982	1985	1985	1984	1984	1985

a) = FOR THE PRODUCT POSITIONS 1 TO 11 THE RATES APPLY TO 1 HL OF PURE ALCOHOL; FOR THE PRODUCT POSITIONS 12 TO 28 THE RATES APPLY TO 1 HL OF THE PRODUCT.

a) = POUR LES PRODUITS AUX POSITIONS 1 A 11 LES TAUX S'ENTENDENT PAR HL D'ALCOOL PUR; POUR LES PRODUITS AUX POSITIONS 12 A 28 LES TAUX S'ENTENDENT PAR HL DU PRODUIT.

a) = FUER DIE ERZEUGNISSE DER POSITIONS 1 BIS 11 GELTEN DIE STEUERSAETZE JE HL REINALKOHOL; FUER DIE ERZEUGNISSE DER POSITIONS 12 BIS 28 GELTEN DIE STEUERSAETZE JE HL DES ERZEUGNISSES.

PRODUIT-PRODUCT-PRODUKT	B	DK	D	F	GR	IRL	I	L	NL	UK
12. VIN TRANQ. * STILL WINE	871 -							0 -	41.38 -	
STILLWEIN (=12Z a)	1471	1072.5	0	22	0	196	0	600	82.76	98
(TDC/CCT/GZT 2205)	19.31 -							0.00 -	16.41 -	
b)	32.61	134.25	0.00	3.23	0.00	273.83	0.00	13.30	32.82	166.85
13. AUTR. BOISS. FERM. * OTHER	0 -							0 -		
FERM. BEV. * AND. FERMENT. a)	1471	692	0	P05.4	0	187	P05.4	600	82.76	98
GETR. (=12Z (TDC/CCT/GZT 2207)) b)	32.61	86.62	0.00	0.00	0.00	261.26	0.00	13.30	32.82	166.85
14. VIN TRANQ. * STILL WINE		1072.5								
STILLWEIN)12Z(=15Z a)	1471	1993	0	22	0	196	0	600	82.76	98
(TDC/CCT/GZT 2205)		134.25								
b)	32.61	249.48	0.00	3.23	0.00	273.83	0.00	13.30	32.82	166.85
(13) a)	13.3							13.3	0.75	
b)	0.29							0.29	0.30	
15. AUTR. BOISS. FERM. * OTHER		692								
FERM. BEV. * AND. FERMENT. a)	1471	1102	0	P05.4	0	187	P05.4	600	82.76	98
GETR.)12Z(=15Z (TDC/ (13))/GZT 2207)) b)	32.61	137.95	0.00	0.00	0.00	261.26	0.00	13.30	32.82	166.85
a)	13.3							13.3	0.75	
b)	0.29							0.29	0.30	
16. VIN TRANQ. * STILL WINE				22		284				169 -
* STILLWEIN)15Z a)	1471	1993	P05.5	54	P05.5	371	P05.5	600	82.76	194.9
(TDC/CCT/GZT 2205)				3.23		396.78				287.73 -
(12) b)	32.61	249.48	P05.5	7.92	P05.5	518.33	P05.5	13.30	32.82	331.83
(13) a)	21					23		21	1.18	15.77
b)	0.47					32.13		0.47	0.47	26.85
17. AUTR. BOISS. FERM. * OTHER						269				169 -
FERM. BEV. * AND. FERMENT. a)	P05.4	1102	P05.5	P05.4	P05.4	344	P05.4	P05.4	P05.4	194.9
GETR.)15Z (TDC/CCT/GZT 2207)) b)	P05.4	137.95	P05.5	P05.4	P05.4	480.60	P05.4	P05.4	P05.4	331.83
(13) a)						23				15.77
b)						32.13				26.85
TAUX TVA * VAT-RATES *							9Z	6Z		
MWST-SAETZE -)PROD.12-17	25Z	22Z	14Z	18.6Z		23Z	18Z	12Z	19Z	15Z
DERN. MODIF. * LAST CHANGE	1. 1.	21. 5.	1. 7.	1. 2.	9. 3.	1. 3.	1. 1.	1. 1.	1. 2.	19. 3.
LETZTE AENDERUNG	1984	1984	1983	1983	1982	1985	1985	1984	1984	1985
18. VIN MOUSS. * SPARKL. WINE * SCHAUMWEIN a)	1655	1993	266	22	0	393	0	750	93.11	161.8
(TDC/CCT/GZT 2205) (6Z b)	36.69	249.48	119.02	3.23	0.00	549.06	0.00	16.63	36.92	275.47
19. BOISS. MOUSS. * SPARKL. BEV. * OBSTSCHAUMWEIN a)	184	692	53	P05.4	0	364	P05.4	750	93.11	161.8
(TDC/CCT/GZT 2207) (6Z b)	4.08	86.62	23.71	0.00	0.00	508.55	0.00	16.63	36.92	275.47
20. VIN MOUSS. * SPARKL. WINE * SCHAUMWEIN a)	4549 -							1500 -	248.26 -	
(TDC/CCT/GZT 2205) (6Z b)	5149	1993	266	22	0	393	0	2100	289.64	161.8
	100.85 -							33.25 -	98.45 -	
(TDC/CCT/GZT 2205) (6Z b)	114.15	249.48	119.02	3.23	0.00	549.06	0.00	46.55	114.86	275.47
21. BOISS. MOUSS. * SPARKL. BEV. * OBSTSCHAUMWEIN a)	919	692	53	P05.4	0	364	P05.4	1350	134.48	161.8
(TDC/CCT/GZT 2207) (6Z b)	20.37	86.62	23.71	0.00	0.00	508.55	0.00	29.93	53.33	275.47
22. "CHAMPAGNE" a)	5149	1993	266	54.8	0	393	0	2100	289.64	161.8
b)	114.15	249.48	119.02	8.03	0.00	549.06	0.00	46.55	114.86	275.47
TAUX TVA * VAT-RATES *							18Z-			
MWST-SAETZE -)PROD.18-22	25Z	22Z	14Z	18.6Z		23Z	38Z	12Z	19Z	15Z
DERN. MODIF. * LAST CHANGE	1. 1.	21. 5.	1. 7.	1. 2.	9. 3.	1. 3.	1. 1.	1. 1.	1. 2.	19. 3.
LETZTE AENDERUNG	1984	1984	1983	1983	1982	1985	1985	1984	1984	1985

PRODUIT-PRODUCT-PRODUKT	B	DK	D	F	GR	IRL	I	L	NL	UK
23. BIÈRE * BEER * BIER	210.45 -		9 -					98.7 -	26.5 -	
a) 7.35 PLATO (1030 O.G.)	331.7	413.7	11	11	2042	48.68	14700	101.5	33.6	25.8
b) 11 PLATO (1044 O.G.)	4.67 -		4.03 -					2.19 -	10.51 -	
24. BIÈRE * BEER * BIER	314.9 -		12 -	1.61	21.10	68.01	10.31	3.58	13.32	43.93
a) 11 PLATO (1044 O.G.)	496.5	413.7	15	11	2042	71.39	22000	241.7	50.2	37.84
b) 11 PLATO (1044 O.G.)	6.98 -		5.37 -					3.27 -	15.74 -	
25. BIÈRE * BEER * BIER	357.9 -		12 -					147.9 -	45.1 -	
a) 12.5 PLATO (1050 O.G.)	564.2	516.85	15	19.5	2042	81.13	25000	274.7	57.1	43
b) (14)	7.93 -		5.37 -					3.72 -	17.88 -	
26. BIÈRE * BEER * BIER	393.7 -		12 -	2.86	21.10	113.35	17.53	6.09	22.64	73.21
a) 13.75 PLATO (1055 O.G.)	620.6	613.2	15	19.5	2042	89.24	27500	302.2	62.8	47.3
b) (14)	8.73 -		5.37 -					4.09 -	19.67 -	
27. BIÈRE * BEER * BIER	458.1 -		18 -					214.9 -	57.7 -	
a) PLATO (1044 O.G.)	722.2	613.2	22.5	19.5	2042	103.85	32000	351.6	73.1	55.04
b) (14)	10.16 -		8.05 -					4.76 -	22.88 -	
28. CIDRE ET POIRE, NON MOUSS. * CIDER AND PER- RY, NON SPARKL. * APFEL- BIRNENWEIN, N. SCHAEUM.	a) 16.01	76.76	10.07	2.86	21.10	145.09	22.44	7.79	28.99	93.71
b) 15.18 -										
TAUX TVA * VAT-RATES *	19%						9%			
MWSt-SÄETZE -)PROD. 23-28	25%	22%	14%	18.6%		23%	18%	12%	19%	15%
DERN. MODIF. * LAST CHANGE	1. 1.	21. 5.	1. 7.	1. 2.	9. 3.	1. 3.	1. 1.	1. 1.	1. 2.	19. 3.
LETZTE ÄNDERUNG	1984	1984	1983	1983	1982	1985	1985	1984	1984	1985
1 ECU AU / AT / AM	FB	DKr	DM	FF	Dr	IrL	Lit	FL	hfl	LSt
1. 4. 1985	145.1083	17.98863	2.23493	16.82122	196.7705	0.71576	1426.3	145.1083	2.52167	10.58735

SPECIAL NOTES: * ANNOTATIONS SPECIALES: * BESONDERE ANMERKUNGEN:

MEMBER STATE-ETAT MEMBRE

MITGLIEDSTAAT:

- (1) D, F, L
REDUCED RATES ARE GRANTED TO CERTAIN SMALL DISTILLERS
DES TAUX REDUITS SONT ACCORDES A CERTAINES PETITES DISTILLERIES.
BESTIMMTEN KLEINBRENNEREIEN WERDEN ERMAESSIGTE STEUER-SÄETZE EINGERAUMT.
- (2) F
THE LOWER RATE APPLIES TO ALCOHOL ADDED TO NATURAL SWEET WINES AND TO "CHAMPAGNE"
LE TAUX INFÉRIEUR S'APPLIQUE A L'ALCOOL AJOUTÉ AUX VINS DOUX MATURELS ET AU CHAMPAGNE.
DER NIEDRIGERE SATZ FINDET AUF ALKOHOL ANWENDUNG, DER DEM NATUERLICHEN SUESSWEINEN ODER CHAMPAGNER ZUGEFUEGT WIRD.
- (3) DK
THIS CORRESPONDS TO A RATE OF 60% ON THE HIGHEST WHOLESALE PRICE EXCL. ALL TAXES +20.248 dKr/hl.
CECI CORRESPOND A UN TAUX DE 60 % SUR LE PRIX DE GROS LE PLUS ÉLEVÉ HORS TOUTES TAXES + 20.248 dKr/hl a.p.
DIES ENTSPRICHT EINEM SATZ VON 60% AUF DEM HOECHSTEN GROSSHANDELSPREIS AUSSCHL. ALLER STEUERN + 20.248 dKr/hl r.A.
- (4) GR
SEVERAL VERY HIGH AD VALOREM TAXES ARE LEVIED BESIDES THE EXCISE DUTY, ESPECIALLY ON IMPORTED PRODUCTS.
PLUSIEURS TAXES AD VALOREM TRES ÉLEVÉES SONT PERÇUES A CÔTE DE L'ACCISE, NOTAMMENT SUR LES PRODUITS IMPORTÉS.
NEBEN DER VERBRAUCHSTEUER WERDEN, INSBESONDERE AUF EINGEFUEHRTE ERZEUGNISSE, VERSCHIEDENE SEHR HOHE AD VALOREM-STEUERN ERHOEBEN.
- (5) B, I, NL
ACCORDING TO THEIR ALCOHOLIC STRENGTHS AROMATISED WINES AND FORTIFIED LIQUEUR WINES ARE SUBJECT EITHER TO THE ALCOHOL EXCISE OR TO THE WINE EXCISE
LES VINS AROMATISÉS ET LES VINS DE LIQUEUR FORTIFIÉS ACQUITTEMENT SELON LEUR TENEUR EN ALCOOL OU BIEN L'ACCISE SUR L'ALCOOL OU BIEN L'ACCISE SUR LE VIN
BEI AROMATISIERTEN WEINEN UND AUFGESPRITETEN LIKORWEINEN WIRD JE NACH ALKOHOLSTARKE ENTWEDER DIE ALKOHOLSTEUER ODER DIE WEINSTEUER ERHOEBEN

(6)	D	FOR LIQUEUR WINES THE ALCOHOL EXCISE IS LEVIED ON THE ALCOHOL CONTENT EXCEEDING 14 VOL% AND FOR AROMATISED WINES ON THE ALCOHOL CONTENT EXCEEDING 10.5 VOL%.	L'ACCISE SUR L'ALCOOL EST PERCUE SUR LA TENEUR D'ALCOOL EXCEDANT 14 ZVOL POUR LES VINS DE LIQUEUR ET SUR LA TENEUR EXCEDANT 10.5 ZVOL POUR LES VINS AROMATISES.	DIE ALKOHOLSTEUER WIRD BEI LIKOEERWEINEN AUF DEN UEBER 14 VOL% HINAUSGEHENDEN - , UND BEI AROMATISIERTEN WEINEN AUF DEN UEBER 10.5 VOL% HINAUSGEHENDEN ALKOHOLGEHALT ERHOBEN.
(7)	DK	CERTAIN PERFUMES AND COSMETIC PRODUCTS ARE SUBJECT TO A SPECIAL EXCISE DUTY	UNE ACCISE SPECIALE EST PERCUE SUR CERTAINS PARFUMS ET PRODUITS COSMETIQUES.	AUF BESTIMMTE PARFUMS UND KOSMETISCHE ERZEUGNISSE WIRD EINE SONDERVERBRAUCHSTEUER ERHOBEN.
(8)	F	METHYLE-, PROPYLE- AND ISO-PROPYLE-ALCOHOLS ARE TREATED IN THE SAME WAY AS ETHYLE-ALCOHOL BUT MAY NOT BE USED FOR DRINKS OR MEDICAMENTS	LES ALCOOLS METHYLIQUES, PROPYLIQUES ET ISOPROPYLIQUES SONT ASSIMILES A L'ALCOOL ETHYLIQUE MAIS NE PEUVENT PAS ETRE UTILISES POUR DES BOISSONS OU MEDICAMENTS.	METHYL-, PROPYL- UND ISOPROPYL-ALKOHOLE WERDEN AETHYLALKOHOL GLEICHGESTELLT, DUERFEN ABER FUER GETRAENKE ODER MEDIKAMENTE NICHT VERWENDET WERDEN.
'	I	ONLY THE ADDED ALCOHOL RESP. THE ALCOHOL EXCEED. 12 VOL% IS SUBJECT TO EXCISE. THE LOW RATE APPLIES ON ITALIAN VERMOUTH AND MARSALA AND SIMILAR PRODUCTS FROM OTHER EC-MEMBER STATES	SEUL L'ALCOOL AJOUTE RESP. LA TENEUR D'ALCOOL EXCEDANT 12 ZVOL EST TAXE. LE TAUX INFERIEUR S'APPLIQUE AUX VERMOUTHS ET MARSALA ITALIENS ET AUX PRODUITS SIMILAIRES DES ETATS MEMBRES DE LA CE.	NUR DER ZUGEFUEGTE ALKOHOL BZW. DER UEBER 12 VOL% HINAUSGEHENDE ALKOHOLGEHALT WIRD BESTEUERT. DER NIEDRIGERE SATZ GILT FUER ITALIENISCHEN WERMUT UND MARSALA UND GLEICHARTIGE ERZEUGNISSE AUS DEN EG-MITGLIEDSTAATEN
(10)	I	THE PRODUCTION OF VINEGAR FROM ALCOHOL IS NOT AUTHORIZED	LA PRODUCTION DE VINAIGRE A PARTIR DE L'ALCOOL N'EST PAS AUTORISEE.	DIE HERSTELLUNG VON ESSIG AUS ALKOHOL IST NICHT GESTATTET.
(11)	GR	THE RATE FOR AROMATISED WINES HAS BEEN CALCULATED ON AN ALCOHOLIC STRENGTH OF 18 VOL%. THE HIGHER RATE APPLIES ON IMPORTED PRODUCTS.	POUR LES VINS AROMATISES, LE TAUX A ETE CALCULE POUR UNE TENEUR EN ALCOOL DE 18 ZVOL. LE TAUX SUPERIEUR S'APPLIQUE AUX PRODUITS IMPORTES.	FUER DIE AROMATISIERTEN WEINE IST DER STEUERSATZ NACH EINEM ALKOHOLGEHALT V. 18 VOL% BERECHNET WORDEN. DER HOEHERE SATZ GILT FUER EINGEFUEHRTE ERZEUGNISSE.
(12)	F	THE RATE APPLIES ONLY ON NATURAL SWEET WINES (VDN), SUBJECT TO THE WINE EXCISE.	APPLICABLE SEULEMENT AUX VINS DOUX NATURELS SOUMIS AU REGIME DES VINS.	GILT NUR FUER DIE DER WEINSTEUER UNTERLIEGENDEN NATUERLICHEN SUESSWEINE.
(13)	B, L, NL GB IRL	SUPPL. PER 1/10 % EXCEED. 12% SUPPL. PER % EXCEED. 18 % SUPPL. PER % EXCEED. 22 %	SUPPL. PAR 1/10 % EXCED. 12 % SUPPL. PAR % EXCED. 18 % SUPPL. PAR % EXCED. 22 %	ZUSCHLAG JE 1/10 % UEBER 12 VOL% ZUSCHLAG JE % UEBER 18 VOL% ZUSCHLAG JE % UEBER 22 VOL%
(14)	F	THE HIGHER RATE APPLIES ON BEER IN RECIPIENTS OF LESS THAN 65 CL OR MORE THAN 1 L OR BEER OF MORE THAN 4,6 DEGREE "REGIE FRANCAISE"	LE TAUX PLUS ELEVE S'APPLIQUE AUX BIERES EN RECIPIENT DE MOINS DE 65 CL OU PLUS D'UN LITRE OU DEPASSANT 4.6 DEGRE REGIE FRANCAISE.	DER HOEHERE SATZ GILT FUER BIERE IN BEHAELTNISSEN VON WENIGER ALS 65 cl ODER MEHR ALS 1 L ODER BIERE UEBER 4.6 GRAD "REGIE FRANCAISE".

4.2 U.S. LIQUOR TAXES

funds for necessary capital growth and of bringing about stock ownership by all corporate employees. The Congress is deeply concerned that the objectives sought by this series of laws will be made unattainable by regulations and rulings which treat employee stock ownership plans as conventional retirement plans, which reduce the freedom of the employee trusts and employers to take the necessary steps to implement the plans, and which otherwise block the establishment and success of these plans. Because of the special purposes for which employee stock ownership plans are established, it is consistent with the intent of Congress to permit these plans (whether structured as pension, stock bonus, or profit-sharing plans) to distribute income on employer securities currently."

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 401, 408, 414, 503, 6213, 6503, 7422 of this title; title 19 section 2373; title 29 sections 1056, 1132, 1203, 1222, 1342.

CHAPTER 44—REAL ESTATE INVESTMENT TRUSTS

Sec.

4981. Excise tax based on certain real estate investment trust taxable income not distributed during the taxable year.

AMENDMENTS

1976—Pub. L. 94-455, title XVI, § 1605(a), Oct. 4, 1976, 90 Stat. 1754, added the chapter heading and section analysis.

CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 6103, 6161, 6211, 6212, 6213, 6214, 6512, 6601, 7422 of this title.

§ 4981. Excise tax based on certain real estate investment trust taxable income not distributed during the taxable year

Effective with respect to taxable years beginning after December 31, 1979, there is hereby imposed on each real estate investment trust for the taxable year a tax equal to 3 percent of the amount (if any) by which 75 percent of the real estate investment trust taxable income (as defined in section 857(b)(2), but determined without regard to section 857(b)(2)(B), and by excluding any net capital gain for the taxable year) exceeds the amount of the dividends paid deduction (as defined in section 561, but computed without regard to capital gains dividends as defined in section 857(b)(3)(C) and without regard to any dividend paid after the close of the taxable year) for the taxable year. For purposes of the preceding sentence, the determination of the real estate investment trust taxable income shall be made by taking into account only the amount and character of the items of income and deduction as reported by such trust in its return for the taxable year.

(Added Pub. L. 94-455, title XVI, § 1605(a), Oct. 4, 1976, 90 Stat. 1754.)

Subtitle E—Alcohol, Tobacco, and Certain Other Excise Taxes

Chapter	Sec.
51. Distilled spirits, wines, and beer	5001
52. Tobacco, cigars, cigarettes, and cigarette papers and tubes	5701
53. Machine guns and certain other firearms.....	5801

¹Section numbers editorially added for convenience of users.

SUBTITLE REFERRED TO IN OTHER SECTIONS

This subtitle is referred to in sections 6103, 6422, 6652, 6806, 7272, 7603, 7611 of this title.

CHAPTER 51—DISTILLED SPIRITS, WINES, AND BEER

Subchapter	Sec. ¹
A. Gallonage and occupational taxes.....	5001
B. Qualification requirements for distilled spirits plants.....	5171
C. Operation of distilled spirits plants	5201
D. Industrial use of distilled spirits.....	5271
E. General provisions relating to distilled spirits..	5291
F. Bonded and taxpaid wine premises	5351
G. Breweries.....	5401
H. Miscellaneous plants and warehouses	5501
I. Miscellaneous general provisions.....	5551
J. Penalties, seizures, and forfeitures relating to liquors	5601

PRIOR PROVISIONS

The provisions of a prior chapter 51, Distilled Spirits, Wines, and Beer, were set out as:

SUBCHAPTER A, Gallonage and occupational taxes, comprising sections 5001 to 5012, 5021 to 5023, 5041 to 5045, 5051 to 5057, 5061 to 5065, 5081 to 5084, 5091 to 5093, 5101 to 5106, 5111 to 5116, 5121 to 5124, 5131 to 5134, and 5141 to 5149.

SUBCHAPTER B, Distilleries, comprising sections 5171 to 5180, 5191 to 5197, and 5211 to 5217.

SUBCHAPTER C, Internal Revenue bonded warehouses, comprising sections 5231 to 5233 and 5241 to 5252.

SUBCHAPTER D, Rectifying plants, comprising sections 5271 to 5275 and 5281 to 5285.

SUBCHAPTER E, Industrial alcohol plants, bonded warehouses, denaturing plants, and denaturation, comprising sections 5301 to 5320 and 5331 to 5334.

SUBCHAPTER F, Bonded and taxpaid wine premises, comprising sections 5351 to 5357, 5361 to 5373, 5381 to 5388, 5391, and 5392.

SUBCHAPTER G, Breweries, comprising sections 5401 to 5403 and 5411 to 5416.

SUBCHAPTER H, Miscellaneous plants and warehouses, comprising sections 5501, 5502, 5511, 5512, and 5521 to 5523.

SUBCHAPTER I, Miscellaneous general provisions, comprising sections 5551 to 5557.

SUBCHAPTER J, Penalties, seizures, and forfeitures relating to liquors, comprising sections 5601 to 5650, 5661 to 5663, 5671 to 5676, 5681 to 5690, and 5691 to 5693.

CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 5846, 6103, 6423, 7328 of this title; title 19 section 1754.

Subchapter A—Gallonage and Occupational Taxes

Part

- I. Gallonage taxes.
- II. Occupational tax.

PART I—GALLONAGE TAXES

Subpart

- A. Distilled spirits.
- B. Rectification.
- C. Wines.
- D. Beer.
- E. General provisions.

SUBPART A—DISTILLED SPIRITS

Sec.

- 5001. Imposition, rate, and attachment of tax.
- 5002. Definitions.
- 5003. Cross references to exemptions, etc.
- 5004. Lien for tax.

¹Section numbers editorially added for convenience of users.

- Sec.
 5005. Persons liable for tax.
 5006. Determination of tax.
 5007. Collection of tax on distilled spirits.
 5008. Abatement, remission, refund, and allowance for loss or destruction of distilled spirits.
 5009. Drawback.

PRIOR PROVISIONS

A prior subpart A, comprising sections 5001 to 5012, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859, title II, 201, Sept. 2, 1958, 72 Stat. 1313.

SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in sections 5505, 6651 of this title.

§ 5001. Imposition, rate, and attachment of tax

(a) Rate of tax—

(1) General

There is hereby imposed on all distilled spirits in bond or produced in or imported into the United States an internal revenue tax at the rate of \$10.50 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon.

(2) Products containing distilled spirits

All products of distillation, by whatever name known, which contain distilled spirits, on which the tax imposed by law has not been paid, shall be considered and taxed as distilled spirits.

(3) Imported perfumes containing distilled spirits

There is hereby imposed on all perfumes imported into the United States containing distilled spirits a tax of \$10.50 per wine gallon, and a proportionate tax at a like rate on all fractional parts of such wine gallon.

(4) Wines containing more than 24 percent alcohol by volume

Wines containing more than 24 percent of alcohol by volume shall be taxed as distilled spirits.

(5) Distilled spirits withdrawn free of tax

Any person who removes, sells, transports, or uses distilled spirits, withdrawn free of tax under section 5214(a) or section 7510, in violation of laws or regulations now or hereafter in force pertaining thereto, and all such distilled spirits shall be subject to all provisions of law relating to distilled spirits subject to tax, including those requiring payment of the tax thereon; and the person so removing, selling, transporting, or using the distilled spirits shall be required to pay such tax.

(6) Denatured distilled spirits or articles

Any person who produces, withdraws, sells, transports, or uses denatured distilled spirits or articles in violation of laws or regulations now or hereafter in force pertaining thereto, and all such denatured distilled spirits or articles shall be subject to all provisions of law pertaining to distilled spirits that are not denatured, including those requiring the payment of tax thereon; and the person so producing, withdrawing, selling, transporting, or using the denatured distilled spirits or articles shall be required to pay such tax.

(7) Fruit-flavor concentrates

If any volatile fruit-flavor concentrate (or any fruit mash or juice from which such concentrate is produced) containing one-half of 1 percent or more of alcohol by volume, which is manufactured free from tax under section 5511, is sold, transported, or used by any person in violation of the provisions of this chapter or regulations promulgated thereunder, such person and such concentrate, mash, or juice shall be subject to all provisions of this chapter pertaining to distilled spirits and wines, including those requiring the payment of tax thereon; and the person so selling, transporting, or using such concentrate, mash, or juice shall be required to pay such tax.

(8) Imported liqueurs and cordials

Imported liqueurs and cordials, or similar compounds, containing distilled spirits, shall be taxed as distilled spirits.

(9) Imported distilled spirits withdrawn for beverage purposes

There is hereby imposed on all imported distilled spirits withdrawn from customs custody under section 5232 without payment of the internal revenue tax, and thereafter withdrawn from bonded premises for beverage purposes, an additional tax equal to the duty which would have been paid had such spirits been imported for beverage purposes, less the duty previously paid thereon.

(10) Alcoholic compounds from Puerto Rico

Except as provided in section 5314, upon bay rum, or any article containing distilled spirits, brought from Puerto Rico into the United States for consumption or sale there is hereby imposed a tax on the spirits contained therein at the rate imposed on distilled spirits produced in the United States.

(b) Time of attachment on distilled spirits

The tax shall attach to distilled spirits as soon as this substance is in existence as such, whether it be subsequently separated as pure or impure spirits, or be immediately, or at any subsequent time, transferred into any other substance, either in the process of original production or by any subsequent process.

(c) Cross reference

For provisions relating to the tax on shipments to the United States of taxable articles from Puerto Rico and the Virgin Islands, see section 7652.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1314, and amended Pub. L. 86-75, § 3(a)(2), (3), June 30, 1959, 73 Stat. 157; Pub. L. 86-564, title II, § 202(a)(4), (5), June 30, 1960, 74 Stat. 290; Pub. L. 87-72, § 3(a)(4), (5), June 30, 1961, 75 Stat. 193; Pub. L. 87-508, § 3(a)(3), (4), June 28, 1962, 76 Stat. 114; Pub. L. 88-52, § 3(a)(4), (5), June 29, 1963, 77 Stat. 72; Pub. L. 88-348, § 2(a)(4), (5), June 30, 1964, 78 Stat. 237; Pub. L. 89-44, title V, § 501(a), June 21, 1965, 79 Stat. 150.)

PRIOR PROVISIONS

A prior section 5001, acts Aug. 16, 1954, ch. 736, 68A stat. 595; Mar. 30, 1955, ch. 18, § 3(a)(5), 69 Stat. 14; Mar. 29, 1956, ch. 115, § 3(a)(4), (5), 70 Stat. 66; Mar. 29, 1957, Pub. L. 85-12, § 3(a)(2), (3), 71 Stat. 9; June 30, 1958, Pub. L. 85-475, § 3(a)(2), (3), 72 Stat. 259, con-

sisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859. See now section 5061(d) of this title.

AMENDMENTS

1965—Subsec. (a)(1). Pub. L. 89-44 struck out the last sentence which provided that the rate of tax imposed by par. (1) would be \$9 on and after July 1, 1965.

Subsec. (a)(3). Pub. L. 89-44 struck out the last sentence which provided that the rate of tax imposed by par. (3) would be \$9 on and after July 1, 1965.

1964—Subsec. (a)(1). Pub. L. 88-348 substituted "July 1, 1965" for "July 1, 1964".

Subsec. (a)(3). Pub. L. 88-348 substituted "July 1, 1965" for "July 1, 1964."

1963—Subsec. (a)(1). Pub. L. 88-52, §3(a)(4), substituted "July 1, 1964" for "July 1, 1963".

Subsec. (a)(3). Pub. L. 88-52, §3(a)(5), substituted "July 1, 1964" for "July 1, 1963".

1962—Subsec. (a)(1). Pub. L. 87-508, §3(a)(3), substituted "July 1, 1963" for "July 1, 1962".

Subsec. (a)(3). Pub. L. 87-508, §3(a)(4), substituted "July 1, 1963" for "July 1, 1962".

1961—Subsec. (a)(1). Pub. L. 87-72, §3(a)(4), substituted "July 1, 1962" for "July 1, 1961".

Subsec. (a)(3). Pub. L. 87-72, §3(a)(5), substituted "July 1, 1962" for "July 1, 1961".

1960—Subsec. (a)(1). Pub. L. 86-564, §202(a)(4), substituted "July 1, 1961" for "July 1, 1960".

Subsec. (a)(3). Pub. L. 86-564, §202(a)(5), substituted "July 1, 1961" for "July 1, 1960".

1959—Subsec. (a)(1). Pub. L. 86-75, §3(a)(2), substituted "July 1, 1960" for "July 1, 1959".

Subsec. (a)(3). Pub. L. 86-75, §3(a)(3), substituted "July 1, 1960" for "July 1, 1959".

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment of subsec. (a) by section 501 of Pub. L. 89-44 applicable on and after July 1, 1965, see section 701(d) of Pub. L. 89-44, set out as an Effective Date of 1965 Amendment note under section 5701 of this title.

EFFECTIVE DATE

Section 210(a)(1) of Pub. L. 85-859 provided that: "The amendments made by sections 201 and 205 [amending this chapter and repealing Acts Mar. 3, 1877, 114, 19 Stat. 393 and Oct. 18, 1888, ch. 1194, 25 Stat. 560] shall take effect on July 1, 1959, except that any provision having the effect of a provision contained in such amendments may be made effective at an earlier date by the promulgation of regulations by the Secretary or his delegate to effectuate such provision, in which case the effective date shall be that prescribed in such regulations. The amendments made by paragraphs (17) and (18) of section 204 [to subsecs. (a)(1) and (b)(1) of section 7652 of this title] shall take effect on July 1, 1959. Except as provided in section 206(f), all other provisions of this title [adding sections 5849, 5854, 5855 and 7608 of this title, amending chapter 52 of this title and sections 5801(a), (b), 5811(a), 5814(c) to (e), 5821(a), (b)(2), 5843, 5848(3), (4), (9), 5851, 6071(b), 6207(4), (6) to (9), 6422(14), 7214(c), 7272(a), (b), 7301(e), 7324 to 7326, 7609, and 7655(a)(5), (6) of this title, and repealing former section 5854 of this title] shall take effect on the day following the date of the enactment of this Act [September 2, 1958]."

SHORT TITLE

Section 1(a) of Pub. L. 85-859, provided that "This Act [See Tables volume for distribution] may be cited as the 'Excise Tax Technical Changes Act of 1958'."

SAVINGS PROVISION

Section 210(b) of Pub. L. 85-859 provided that: "The amendment of any provision of the Internal Revenue Code of 1954 by this title [which added sections 5849, 5854, 5855 and 7608 of this title, amended this chapter, chapter 52 of this title and sections 5801, 5811, 5814,

5821, 5843, 5848, 5851, 6071, 6207, 6422, 7214, 7272, 7301, 7324 to 7326, 7609, 7652 and 7655 of this title, and enacted notes set out under sections 5001, 5006, 5025, 5064, 5175, 5304 and 5601 of this title] shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause before such amendment; but all rights and liabilities under such code prior to such amendment shall continue, and may be enforced in the same manner, as if such amendment had not been made."

REFERENCES TO OTHER PROVISIONS OF LAW

Section 210(d) of Pub. L. 85-859 provided that: "For the purpose of applying any provision of this title [which added sections 5849, 5854, 5855 and 7608 of this title, amended this chapter, chapter 52 of this title and sections 5801, 5811, 5814, 5821, 5843, 5848, 5851, 6071, 6207, 6422, 7214, 7272, 7301, 7324 to 7326, 7609, 7652, and 7655 of this title, and enacted notes set out under sections 5001, 5006, 5025, 5064, 5175, 5304 and 5601 of this title] to any occurrence on or after the effective date of such provision, any reference in this title to another provision thereof shall also be deemed to be a reference to the corresponding provision of prior law, when consistent with the purpose of the provision to be applied."

REPEAL OF ACTS MAR. 3, 1877 AND OCT. 18, 1888

Section 205 of Pub. L. 85-859 repealed acts March 3, 1877, ch. 114, 19 Stat. 393 and Oct. 18, 1888, ch. 1194, 25 Stat. 560, which related to production and warehousing of fruit brandy, and are now covered by this chapter. For effective date of repeal, see section 210(a)(1) of Pub. L. 85-859, set out as an Effective Date note above.

CROSS REFERENCES

Application of part to Puerto Rico and Virgin Islands, see section 5314 of this title.

Collection of tax on distilled spirits, see section 5007 of this title.

Exemption from rectifying and spirits taxes, see section 5391 of this title.

Lien for tax, see section 5004 of this title.

Method of collecting tax, see section 5061 of this title.

Persons liable for tax, see section 5005 of this title.

Tax on cordials and liqueurs containing wine, see section 5022 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5004, 5005, 5007, 5008, 5061, 5066, 5202, 5233, 5314, 5391, 5512 of this title.

§ 5002. Definitions

(a) Definitions

When used in this chapter—

(1) Distilled spirits plant

The term "distilled spirits plant" means an establishment which is qualified under subchapter B to perform any operation, or any combination of operations, for which qualification is required under such subchapter.

(2) Bonded premises

The term "bonded premises", when used with reference to distilled spirits, means the premises of a distilled spirits plant, or part thereof, as described in the application required by section 5171(a), on which operations relating to production, storage, denaturation, or bottling of distilled spirits, prior to the payment or determination of the distilled spirits tax, are authorized to be conducted.

(3) Bottling premises

The term "bottling premises", when used with reference to distilled spirits plants, means the premises of a distilled spirits plant, or part thereof, as described in the application required by section 5171(a), on which operations relating to the rectification or bottling of distilled spirits or wines on which the tax has been paid or determined, are authorized to be conducted.

(4) Bonded warehouseman

The term "bonded warehouseman" means the proprietor of a distilled spirits plant who is authorized to store distilled spirits after entry for deposit in storage and prior to payment or determination of the internal revenue tax or withdrawal as provided in section 5214 or 7510.

(5) Distiller

The term "distiller" shall include every person—

(A) who produces distilled spirits from any source or substance; or

(B) who brews or makes mash, wort, or wash, fit for distillation or for the production of distilled spirits (except a person making or using such material in the authorized production of wine or beer, or the production of vinegar by fermentation); or

(C) who by any process separates alcoholic spirits from any fermented substance; or

(D) who, making or keeping mash, wort, or wash, has also in his possession or use a still.

(6) Distilled spirits

(A) General definition

The terms "distilled spirits", "alcoholic spirits", and "spirits" mean that substance known as ethyl alcohol, ethanol, or spirits of wine, including all dilutions and mixtures thereof, from whatever source or by whatever process produced, and shall include whisky, brandy, rum, gin, and vodka.

(B) Products of rectification

As used in section 5291(a) the term "distilled spirits" includes products produced in such manner that the person producing them is a rectifier within the meaning of section 5082.

(7) Proof spirits

The term "proof spirits" means that liquid which contains one-half its volume of ethyl alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten-thousandths (.7939) at 60 degrees Fahrenheit referred to water at 60 degrees Fahrenheit as unity.

(8) Proof gallon

The term "proof gallon" means a United States gallon of proof spirits, or the alcoholic equivalent thereof.

(9) Container

The term "container", when used with respect to distilled spirits, means any receptacle, vessel, or form of package, bottle, tank, or pipeline used, or capable of use, for holding, storing, transferring, or conveying distilled spirits.

(10) Approved container

The term "approved container", when used with respect to distilled spirits, means a container the use of which is authorized by regulations prescribed by the Secretary.

(11) Articles

The term "articles" means any substance or preparation in the manufacture of which denatured distilled spirits are used, unless another meaning is distinctly expressed or manifestly intended.

(12) Export

The terms "export", "exported", and "exportation" shall include shipments to a possession of the United States.

(b) Cross references

(1) For definition of wine gallon, see section 5041(c).

(2) For definition of rectifier, see section 5082.

(3) For definition of manufacturer of stills, see section 5102.

(4) For definition of dealer, see section 5112(a).

(5) For definitions of wholesale dealers, see section 5112.

(6) For definitions of retail dealers, see section 5122.

(7) For definitions of general application to this title, see chapter 79.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1315, and amended Pub. L. 89-44, title VIII, § 807(a), June 21, 1965, 79 Stat. 164; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

PRIOR PROVISIONS

A prior section 5002, act Aug. 16, 1954, ch. 736, 68A Stat. 597, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

Provisions similar to those comprising subsec. (a)(6), (9) and (11) of this section were contained in prior sections 5213(a)(1) and 5319(1), (2) and (7), act Aug. 16, 1954, ch. 736, 68A Stat. 639, 661, prior to the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (a)(10). Pub. L. 94-455 struck out "or his delegate" following "Secretary"

1965—Subsec. (a). Pub. L. 89-44 added par. (12).

EFFECTIVE DATE OF 1965 AMENDMENT

Section 807(c) of Pub. L. 89-44 provided that: "The amendments made by subsections (a) and (b) [to this section and section 5053(a) of this title] shall take effect on July 1, 1965."

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5024, 5301 of this title.

§ 5003. Cross references to exemptions, etc.

(1) For provisions authorizing the withdrawal of distilled spirits free of tax for use by Federal or State agencies, see sections 5214(a)(2) and 5313.

(2) For provisions authorizing the withdrawal of distilled spirits free of tax by nonprofit educational organizations, scientific universities or colleges of learning, laboratories, hospitals, blood banks, sanitariums, and charitable clinics, see section 5214(a)(3).

(3) For provisions authorizing the withdrawal of certain imported distilled spirits from customs custody without payment of tax, see section 5232.

(4) For provisions authorizing the withdrawal of denatured distilled spirits free of tax, see section 5214(a)(1).

(5) For provisions exempting from tax distilled spirits for use in production of vinegar by the vaporizing process, see section 5505(j).

Subsec. (f)(4). Pub. L. 89-44, § 805(f)(5), inserted "", differing as to type," after "rums".

Subsec. (k). Pub. L. 89-44, § 805(b), added subsec. (k). Former subsec. (k) was redesignated (l).

Subsecs. (l) and (m). Pub. L. 89-44, § 805(b), redesignated subsec. (k) as (l) and (l) as (m), respectively.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment of subsec. (j) by section 1905(a)(4) of Pub. L. 94-455 effective on the first day of the first month which begins more than 90 days after Oct. 4, 1976, see section 1905(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 5005 of this title.

EFFECTIVE DATE OF 1965 AMENDMENT

Section 805(g)(2) of Pub. L. 89-44 provided that: "The amendments made by subsections (b), (d), and (f) (other than paragraph (6)) [to this section and sections 5004(c), 5083 (14), (15), 5223 (c), (d) and (e) and 5234(a)(1)(B) of this title], shall take effect on October 1, 1965."

EXCEPTION TO EFFECTIVE DATE

Section 210(a)(2) of Pub. L. 85-859 provided that: "Provisions having the effect of—

"(A) section 5025(e)(7) [section 5234(a)(2) of this title] (exemption from laws pertaining to rectification), and

"(B) section 5234(a)(2) (permitting the mingling of distilled spirits for further storage in bond) of the Internal Revenue Code of 1954 (as such sections are included in chapter 51 of such Code as amended by section 201 of this Act) [this chapter] shall be deemed to be included in the Internal Revenue Code of 1954, effective on the day following the date of the enactment of this Act [September 2, 1958]. In applying the provisions of such sections 5025(e)(7) and 5234(a)(2) during the period beginning on the day following the date of the enactment of this Act [September 2, 1958] and ending at the close of June 30, 1959, references to bonded premises shall be treated as references to internal revenue bonded warehouses."

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5223, 5234 of this title.

§ 5026. Determination and collection of rectification tax

(a) Determination of tax

(1) General

The taxes imposed by sections 5021 and 5022 shall be determined upon the completion of the process of rectification by such means as the Secretary shall by regulations prescribe and with the use of such devices and apparatus (including but not limited to storage, gauging, and bottling tanks, and pipelines) as the Secretary may by regulations prescribe.

(2) Unauthorized rectification

In the case of taxable rectification on premises other than premises on which rectification is authorized, the tax imposed by section 5021 or 5022 shall be due and payable at the time of such rectification.

(b) Payment of tax

The taxes imposed by sections 5021, 5022, and 5023, shall be paid in accordance with section 5061.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1330, and amended Pub. L. 94-455, title XIX, §§ 1905(b)(2)(B), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1822, 1834.)

PRIOR PROVISIONS

A prior section 5026, act Aug. 16, 1954, ch. 736, 68A Stat. 608, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

A prior section 5027, act Aug. 16, 1954, ch. 736, 68A Stat. 609, relating to stamp provisions applicable to rectifiers, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

A prior section 5028, act Aug. 16, 1954, ch. 736, 68A Stat. 609, relating to cross references for penalty provisions, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (a)(1). Pub. L. 94-455, § 1906(b)(13)(A), struck out "or his delegate" following "Secretary" in two places.

Subsec. (b). Pub. L. 94-455, § 1905(b)(2)(B), substituted "The taxes" for "Except as provided in subsection (a)(2), the taxes".

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment of subsec. (b) by section 1905(b)(2)(B) of Pub. L. 94-455 effective on the first day of the first month which begins more than 90 days after Oct. 4, 1976, see section 1905(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 5005 of this title.

SUBPART C—WINES

Sec.

5041. Imposition and rate of tax.

5042. Exemption from tax.

5043. Collection of taxes on wines.

5044. Refund of tax on unmerchable wine.

5045. Cross references.

PRIOR PROVISIONS

A prior subpart C, comprising sections 5041 to 5045, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1313.

§ 5041. Imposition and rate of tax

(a) Imposition

There is hereby imposed on all wines (including imitation, substandard, or artificial wine, and compounds sold as wine) having not in excess of 24 percent of alcohol by volume, in bond in, produced in, or imported into, the United States, taxes at the rates shown in subsection (b), such taxes to be determined as of the time of removal for consumption or sale. All wines containing more than 24 percent of alcohol by volume shall be classed as distilled spirits and taxed accordingly. Still wines shall include those wines containing not more than 0.392 gram of carbon dioxide per hundred milliliters of wine; except that the Secretary may by regulations prescribe such tolerances to this maximum limitation as may be reasonably necessary in good commercial practice.

(b) Rates of tax

(1) On still wines containing not more than 14 percent of alcohol by volume, 17 cents per wine gallon;

(2) On still wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, 67 cents per wine gallon;

(3) On still wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, \$2.25 per wine gallon;

(4) On champagne and other sparkling wines, \$3.40 per wine gallon; and

(5) On artificially carbonated wines, \$2.40 per wine gallon.

(c) Wine gallon

For the purpose of this chapter, the term "wine gallon" means a United States gallon of liquid measure equivalent to the volume of 231 cubic inches. On lesser quantities the tax shall be paid proportionately (fractions of less than one-tenth gallon being converted to the nearest one-tenth gallon, and five-hundredths gallon being converted to the next full one-tenth gallon).

(d) Illegally produced wine

Notwithstanding subsection (a), any wine produced in the United States at any place other than the bonded premises provided for in this chapter shall (except as provided in section 5042 in the case of tax-free production) be subject to tax at the rate prescribed in subsection (b) at the time of production and whether or not removed for consumption or sale.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1331, and amended Pub. L. 86-75, § 3(a)(5), June 30, 1959, 73 Stat. 157; Pub. L. 86-564, title II, § 202(a)(7), June 30, 1960, 74 Stat. 290; Pub. L. 87-72, § 3(a)(7), June 30, 1961, 75 Stat. 193; Pub. L. 87-508, § 3(a)(6), June 28, 1962, 76 Stat. 114; Pub. L. 88-52, § 3(a)(7), June 29, 1963, 77 Stat. 72; Pub. L. 88-348, § 2(a)(7), June 30, 1964, 78 Stat. 237; Pub. L. 89-44, title V, § 501(c), title VIII, § 806(a), June 21, 1965, 79 Stat. 150, 162; Pub. L. 93-490, § 6(a), Oct. 26, 1974, 88 Stat. 1468; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

PRIOR PROVISIONS

A prior section 5041, acts Aug. 16, 1954, ch. 736, 68A Stat. 609; Mar. 30, 1955, ch. 18, § 3(a)(7), 69 Stat. 14; Mar. 29, 1956, ch. 115, § 3(a)(7), 70 Stat. 66; Mar. 29, 1957, Pub. L. 85-12, § 3(a)(5), 71 Stat. 9; June 30, 1958, Pub. L. 85-475, § 3(a)(5), 72 Stat. 259, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455 struck out "or his delegate" following "Secretary".

1974—Subsec. (a). Pub. L. 93-490 substituted "0.392" for "0.277".

1965—Subsec. (a). Pub. L. 89-44, § 806(a), struck out "0.256" in the last sentence and inserted in lieu thereof "0.277".

Subsec. (b). Pub. L. 89-44, § 501(c)(1)-(5), struck out provisions at the end of each par. setting out a specified reduced rate to be applied on and after July 1, 1965.

1964—Subsec. (b). Pub. L. 88-348 substituted "July 1, 1965" for "July 1, 1964" in five instances.

1963—Subsec. (b). Pub. L. 88-52 substituted "July 1, 1964" for "July 1, 1963" in five instances.

1962—Subsec. (b). Pub. L. 87-508 substituted "July 1, 1963" for "July 1, 1962" in five instances.

1961—Subsec. (b). Pub. L. 87-72 substituted "July 1, 1962" for "July 1, 1961" in five instances.

1960—Subsec. (b). Pub. L. 86-564 substituted "July 1, 1961" for "July 1, 1960" in five places.

1959—Subsec. (b). Pub. L. 86-75 substituted "July 1, 1960" for "July 1, 1959" in five places.

EFFECTIVE DATE OF 1974 AMENDMENT

Section 6(b) of Pub. L. 93-490 provided that: "The amendment made by this section (amending subsec. (a) of this section) shall take effect on the first day of the first calendar month which begins more than 90

days after the date of enactment of this Act (Oct. 26, 1974)."

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment of subsec. (b) by section 501 of Pub. L. 89-44, applicable on and after July 1, 1965, see section 701(d) of Pub. L. 89-44, set out as an Effective Date of 1965 Amendment note under section 5701 of this title.

Section 806(d)(1) of Pub. L. 89-44 provided that: "The amendment made by subsection (a) [to this section] shall take effect on July 1, 1965."

EFFECTIVE DATE

Section effective July 1, 1959, see section 210(a)(1) of Pub. L. 85-859, set out as an Effective Date note under section 5001 of this title.

CROSS REFERENCES

Loss or destruction of wine not taxable under this section, see section 5370 of this title.

Penalty for failure to pay tax imposed on wine, see section 5661 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 5002, 5044, 5061 of this title.

§ 5042. Exemption from tax

(a) Tax-free production

(1) Cider

Subject to regulations prescribed by the Secretary, the noneffervescent product of the normal alcoholic fermentation of apple juice only, which is produced at a place other than a bonded wine cellar and without the use of preservative methods or materials, and which is sold or offered for sale as cider and not as wine or as a substitute for wine, shall not be subject to tax as wine nor to the provisions of subchapter F.

(2) Family wine

Subject to regulations prescribed by the Secretary, the duly registered head of any family may, without payment of tax, produce for family use and not for sale an amount of wine not exceeding 200 gallons per annum.

(3) Experimental wine

Subject to regulations prescribed by the Secretary, any scientific university, college of learning, or institution of scientific research may produce, receive, blend, treat, and store wine, without payment of tax, for experimental or research use but not for consumption (other than organoleptical tests) or sale, and may receive such wine spirits without payment of tax as may be necessary for such production.

(b) Cross references

(1) For provisions relating to exemption of tax on losses of wine (including losses by theft or authorized destruction), see section 5370.

(2) For provisions exempting from tax samples of wine, see section 5372.

(3) For provisions authorizing withdrawals of wine free of tax or without payment of tax, see section 5362.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1331, and amended Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

PRIOR PROVISIONS

A prior section 5042, act Aug. 16, 1954, ch. 736, 68A Stat. 610, consisting of provisions similar to those com-

prising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455 struck out "or his delegate" following "Secretary" in pars. (1) to (3).

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5041, 5222, 5351 of this title.

§ 5043. Collection of taxes on wines

(a) Persons liable for payment

The taxes on wine provided for in this subpart shall be paid—

(1) Bonded wine cellars

In the case of wines removed from any bonded wine cellar, by the proprietor of such bonded wine cellar; except that—

(A) in the case of any transfer of wine in bond between bonded wine cellars as authorized under the provisions of section 5362(b), the liability for payment of the tax shall become the liability of the transferee from the time of removal of the wine from the transferor's premises, and the transferor shall thereupon be relieved of such liability; and

(B) in the case of any wine withdrawn by a person other than such proprietor without payment of tax as authorized under the provisions of section 5362(c), the liability for payment of the tax shall become the liability of such person from the time of the removal of the wine from the bonded wine cellar, and such proprietor shall thereupon be relieved of such liability.

(2) Foreign wine

In the case of foreign wines, by the importer thereof.

(3) Other wines

Immediately, in the case of any wine produced, imported, received, removed, or possessed otherwise than as authorized by law, by any person producing, importing, receiving, removing, or possessing such wine; and all such persons shall be jointly and severally liable for such tax with each other as well as with any proprietor, transferee, or importer who may be liable for the tax under this subsection.

(b) Payment of tax

The taxes on wines shall be paid in accordance with section 5061.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1332, and amended Pub. L. 94-455, title XIX, § 1905(b)(2)(C), Oct. 4, 1976, 90 Stat. 1822.)

PRIOR PROVISIONS

A prior section 5043, act Aug. 16, 1954, ch. 736, 68A Stat. 610, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (b). Pub. L. 94-455 substituted "The taxes" for "Except as provided in subsection (a)(3), the taxes".

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective on the first day of the first month which begins more than 90 days after Oct. 4, 1976, see section 1905(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 5005 of this title.

§ 5044. Refund of tax on unmerchantable wine

(a) General

In the case of any wine produced in the United States and returned to bond as unmerchantable under section 5361—

(1) any tax imposed by section 5041 shall, if paid, be refunded or credited, without interest, to the proprietor of the bonded wine cellar to which such wine is delivered; or

(2) if any tax so imposed has not been paid, the person liable for the tax may be relieved of liability therefor,

under such regulations as the Secretary may prescribe. Such regulations may provide that claim for refund or credit under paragraph (1), or relief from liability under paragraph (2), may be made only with respect to minimum quantities specified in such regulations. The burden of proof in all such cases shall be on the applicant.

(b) Date of filing

No claim under subsection (a) shall be allowed unless filed within 6 months after the date of the return of the wine to bond.

(c) Status of wine returned to bond

All provisions of this chapter applicable to wine in bond on the premises of a bonded wine cellar and to removals thereof shall be applicable to wine returned to bond under the provisions of this section.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1332, and amended Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

PRIOR PROVISIONS

A prior section 5044, act Aug. 16, 1954, ch. 736, 68A Stat. 611, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455 struck out "or his delegate" following "Secretary".

§ 5045. Cross references

For provisions relating to the establishment and operation of wineries, see subchapter F, and for penalties pertaining to wine, see subchapter J.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1333.)

PRIOR PROVISIONS

A prior section 5045, act Aug. 16, 1954, ch. 736, 68A Stat. 611, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

SUBPART D—BEER

Sec.

5051. Imposition and rate of tax.

5052. Definitions.

5053. Exemptions.

5054. Determination and collection of tax on beer.

Sec.

5055. Drawback of tax.

5056. Refund and credit of tax, or relief from liability.

PRIOR PROVISIONS

A prior subpart D, comprising sections 5051 to 5057 of this title, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1313.

§ 5051. Imposition and rate of tax

(a) Rate of tax

(1) In general

A tax is hereby imposed on all beer brewed or produced, and removed for consumption or sale, within the United States, or imported into the United States. Except as provided in paragraph (2), the rate of such tax shall be \$9 for every barrel containing not more than 31 gallons and at a like rate for any other quantity or for fractional parts of a barrel.

(2) Reduced rate for certain domestic production

(A) \$7 a barrel rate

In the case of a brewer who produces not more than 2,000,000 barrels of beer during the calendar year, the per barrel rate of the tax imposed by this section shall be \$7 on the first 60,000 barrels of beer which are removed in such year for consumption or sale and which have been brewed or produced by such brewer at qualified breweries in the United States.

(B) Controlled groups

In the case of a controlled group, the 2,000,000 barrel quantity specified in subparagraph (A) shall be applied to the controlled group, and the 60,000 barrel quantity specified in subparagraph (A) shall be apportioned among the brewers who are component members of such group in such manner as the Secretary or his delegate shall by regulations prescribed. For purposes of the preceding sentence, the term "controlled group" has the meaning assigned to it by subsection (a) of section 1563, except that for such purposes the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" in each place it appears in such subsection. Under regulations prescribed by the Secretary or his delegate, principles similar to the principles of the preceding two sentences shall be applied to a group of brewers under common control where one or more of the brewers is not a corporation.

(3) Tolerances

Where the Secretary or his delegate finds that the revenue will not be endangered thereby, he may by regulations prescribe tolerances for barrels and fractional parts of barrels, and, if such tolerances are prescribed, no assessment shall be made and no tax shall be collected for any excess in any case where the contents of a barrel or a fractional part of a barrel are within the limit of the applicable tolerance prescribed.

(b) Assessment on materials used in production in case of fraud

Nothing contained in this subpart or subchapter G shall be construed to authorize an

assessment on the quantity of materials used in producing or purchased for the purpose of producing beer, nor shall the quantity of materials so used or purchased be evidence, for the purpose of taxation, of the quantity of beer produced; but the tax on all beer shall be paid as provided in section 5054, and not otherwise; except that this subsection shall not apply to cases of fraud, and nothing in this subsection shall have the effect to change the rules of law respecting evidence in any prosecution or suit.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1333, and amended Pub. L. 86-75, § 3(a)(6), June 30, 1959, 73 Stat. 157; Pub. L. 86-564, title II, § 202(a)(8), June 30, 1960, 74 Stat. 290; Pub. L. 87-72, § 3(a)(8), June 30, 1961, 75 Stat. 193; Pub. L. 87-508, § 3(a)(7), June 28, 1962, 76 Stat. 114; Pub. L. 88-52, § 3(a)(8), June 29, 1963, 77 Stat. 72; Pub. L. 88-348, § 2(a)(8), June 30, 1964, 78 Stat. 237; Pub. L. 89-44, title V, § 501(d), June 21, 1965, 79 Stat. 150; Pub. L. 94-529, § 1, Oct. 17, 1976, 90 Stat. 2485.)

PRIOR PROVISIONS

A prior section 5051, act Aug. 16, 1954, ch. 736, 68A Stat. 611, as amended by acts Mar. 30, 1955, ch. 18, § 3(a)(8), 69 Stat. 14; Mar. 29, 1956, ch. 115, § 3(a)(8), 70 Stat. 66; Mar. 29, 1957, Pub. L. 85-12, § 3(a)(6), 71 Stat. 9; June 30, 1958, Pub. L. 85-475, § 3(a)(6), 72 Stat. 259, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-529 reduced the excise tax on beer for small brewers to \$7 per barrel on the first 60,000 barrels produced in the United States and removed for sale or consumption or sale during the calendar year, the reduced rate to be applicable only to brewers producing no more than 2 million barrels of beer in a calendar year, and added provision that if several brewers are members of a controlled group, the 2-million barrel limit is to be applied to the controlled group and the 60,000-barrel limit is to be apportioned among the members of the controlled group in accordance with Treasury Department regulations promulgated by the Secretary or his delegate.

1965—Subsec. (a). Pub. L. 89-44 struck out sentence providing for the imposition on and after July 1, 1965, of a tax of \$8 in lieu of the tax imposed by the section.

1964—Subsec. (a). Pub. L. 88-348 substituted "July 1, 1965" for "July 1, 1964".

1963—Subsec. (a). Pub. L. 88-52 substituted "July 1, 1964" for "July 1, 1963".

1962—Subsec. (a). Pub. L. 87-508 substituted "July 1, 1963" for "July 1, 1962".

1961—Subsec. (a). Pub. L. 87-72 substituted "July 1, 1962" for "July 1, 1961".

1960—Subsec. (a). Pub. L. 86-564 substituted "July 1, 1961" for "July 1, 1960".

1959—Subsec. (a). Pub. L. 86-75 substituted "July 1, 1960" for "July 1, 1959".

EFFECTIVE DATE OF 1976 AMENDMENT

Section 2 of Pub. L. 94-529 provided that: "The amendment made by the first section of this Act [amending subsec. (a) of this section] shall take effect on the first day of the first calendar year which begins after the date of the enactment of this Act [Oct. 17, 1976]."

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment of subsec. (a) by section 501 of Pub. L. 89-44 applicable on and after July 1, 1965, see section 701(d) of Pub. L. 89-44, set out as an Effective Date of 1965 Amendment note under section 5701 of this title.

EFFECTIVE DATE

Section effective July 1, 1959, see section 210(a)(1) of Pub. L. 85-859, set out as an Effective Date note under section 5001 of this title.

CROSS REFERENCES

Method of collecting tax, see section 5061 of this title.

Penalty and forfeiture for evasion of beer tax, see section 5671 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 5054, 5671 of this title.

§ 5052. Definitions**(a) Beer**

For purposes of this chapter (except when used with reference to distilling or distilling material) the term beer means beer, ale, porter, stout, and other similar fermented beverages (including sake or similar products) of any name or description containing one-half of 1 percent or more of alcohol by volume, brewed or produced from malt, wholly or in part, or from any substitute therefor.

(b) Gallon

For purposes of this subpart, the term gallon means the liquid measure containing 231 cubic inches.

(c) Removed for consumption of sale

Except as provided for in the case of removal of beer without payment of tax, the term "removed for consumption or sale", for the purposes of this subpart means—

(1) Sale of beer

The sale and transfer of possession of beer for consumption at the brewery; or

(2) Removals

Any removal of beer from the brewery.

(d) Brewer

For definition of brewer, see section 5092.

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1333, and amended Pub. L. 91-673, § 1(b), Jan. 12, 1971, 84 Stat. 2056.)

PRIOR PROVISIONS

A prior section 5052, act Aug. 16, 1954, ch. 736, 68A Stat. 612, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1971—Subsec. (c)(2). Pub. L. 91-673 struck out the proviso that removal of beer shall not include beer returned to the brewery on the same day such beer is removed from the brewery.

EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 91-673 effective on the first day of the first calendar month which begins more than 90 days after January 12, 1971, see section 5 of Pub. L. 91-673, set out as an Effective Date of 1971 Amendment note under section 5056 of this title.

§ 5053. Exemptions**(a) Removals for export**

Beer may be removed from the brewery, without payment of tax, for export, in such containers and under such regulations, and on the giving of such notices, entries, and bonds and

other security, as the Secretary may by regulations prescribe.

(b) Removals when unfit for beverage use

When beer has become sour or damaged, so as to be incapable of use as such, a brewer may remove the same from his brewery without payment of tax, for manufacturing purposes, under such regulations as the Secretary may prescribe.

(c) Removals for laboratory analysis

Beer may be removed from the brewery, without payment of tax, for laboratory analysis, subject to such limitations and under such regulations as the Secretary may prescribe.

(d) Removals for research, development, or testing

Under such conditions and regulations as the Secretary may prescribe, beer may be removed from the brewery without payment of tax for use in research, development, or testing (other than consumer testing or other market analysis) of processes, systems, materials, or equipment relating to beer or brewery operations.

(e) Removal as supplies for certain vessels and aircraft

For exemption as to supplies for certain vessels and aircraft, see section 309 of the Tariff Act of 1930, as amended (19 U.S.C. 1309).

(Added Pub. L. 85-859, title II, § 201, Sept. 2, 1958, 72 Stat. 1334, and amended Pub. L. 89-44, title VIII, § 807(a), June 21, 1965, 79 Stat. 164; Pub. L. 91-673, § 2, Jan. 12, 1971, 84 Stat. 2056; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

PRIOR PROVISIONS

A prior section 5053, act Aug. 16, 1954, ch. 736, 68A Stat. 612, consisting of provisions similar to those comprising this section, was omitted from the Code upon the general revision of this chapter by Pub. L. 85-859.

AMENDMENTS

1976—Subsecs. (a) to (d). Pub. L. 94-455 struck out "or his delegate" following "Secretary".

1971—Subsec. (d). Pub. L. 91-673 added subsec. (d), and redesignated former subsec. (d) as (e).

Subsec. (e). Pub. L. 91-673 redesignated former subsec. (d) as (e).

1965—Subsec. (a). Pub. L. 89-44 struck out "to a foreign country" following "export".

EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 91-673 effective on the first day of the first calendar month which begins more than 90 days after January 12, 1971, see section 5 of Pub. L. 91-673, set out as an Effective Date of 1971 Amendment note under section 5056 of this title.

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment of subsec. (a) by Pub. L. 89-44 effective July 1, 1965, see section 807(c) of Pub. L. 89-44, set out as an Effective Date of 1965 Amendment note under section 5002 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 5401 of this title.

§ 5054. Determination and collection of tax on beer**(a) Time of determination****(1) Beer produced in the United States**

Except as provided in paragraph (3), the tax imposed by section 5051 on beer produced

IMPORT DUTIES OVERSEAS

5.1 EC COMMON CUSTOMS TARIFF

Official Journal of the European Communities

CHAPTER 22

BEVERAGES, SPIRITS AND VINEGAR

Notes

1. This Chapter does not cover:
 - (a) Sea water (heading No 25.01);
 - (b) Distilled and conductivity water and water of similar purity (heading No 28.58);
 - (c) Acetic acid of a concentration exceeding 10 % by weight of acetic acid (heading No 29.14),
 - (d) Medicaments of heading No 30.03; or
 - (e) Perfumery or toilet preparations (Chapter 33).
2. For the purposes of headings Nos 22.08 and 22.09, the alcoholic strength is to be taken to be the *alcoholic strength by volume at a temperature of 20 °C*.
"% vol" is the symbol for alcoholic strength by volume.

Additional Notes

1. For the purposes of headings Nos 22.04, 22.05 and 22.06 and subheading 22.07 A:
 - (a) "actual alcoholic strength by volume" means the number of volumes of pure alcohol contained at a temperature of 20 °C in 100 volumes of the product at that temperature;
 - (b) "potential alcoholic strength by volume" means the number of volumes of pure alcohol at a temperature of 20 °C capable of being produced by total fermentation of the sugars contained in 100 volumes of the product at that temperature;
 - (c) "total alcoholic strength by volume" means the sum of the actual and potential alcoholic strengths;
 - (d) "natural alcoholic strength by volume" means the total alcoholic strength by volume of a product before any enrichment;
 - (e) "% vol" is the symbol for alcoholic strength by volume.
2. For the purposes of heading No 22.04 "grape must in fermentation" means the product derived from the fermentation of grape must, having an actual alcoholic strength by volume of more than 1 % vol and less than three-fifths of its total alcoholic strength by volume.
3. For the purposes of heading No 22.05:
 - A. "Sparkling wine" (subheading 22.05 A) means a product having an actual alcoholic strength of not less than 8,5 % vol, obtained:
 - either by first or second alcoholic fermentation of fresh grapes, grape must or wine, and releasing, when the container is opened, carbon dioxide derived exclusively from the fermentation,
 - or from wine, and releasing, when the container is opened, carbon dioxide derived wholly or partly from the addition of this gas,
 and having, when kept at a temperature of 20 °C in closed containers, an excess pressure due to carbon dioxide in solution of not less than 3 bar.
 - B. "Total dry extract" means the content in grams per litre of all the substances in a product which, under given physical conditions, do not volatilise.
The total dry extract must be determined with the densimeter at 20 °C.
 - C. (a) The presence in the products falling within subheading 22.05 C of the quantities of total dry extract per litre indicated in I, II III and IV below does not affect their classification:
 - I. Products of an actual alcoholic strength by volume of not more than 13 % vol: 90 g or less of total extract per litre;
 - II. Products of an actual alcoholic strength by volume of more than 13 % vol but not more than 15 % vol: 130 g or less of total dry extract per litre;

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III. Products of an actual alcoholic strength by volume of more than 15 % vol but not more than 18 % vol: 130 g or less of total dry extract per litre;

IV. Products of an actual alcoholic strength by volume of more than 18 % vol but not more than 22 % vol: 330 g or less of total dry extract per litre.

Products with a total dry extract exceeding the maximum quantity shown above in each category are to be classified in the next following category, except that if the total dry extract exceeds 330 g per litre the products are to be classified in subheading 22.05 C V.

(b) The above rules do not apply to products falling within subheadings 22.05 C III a) 1, b) 1 and b) 2 and 22.05 C IV a) 1, b) 1 and b) 2.

4. Subheading 22.05 C shall be taken to include:

(a) Grape must with fermentation arrested by the addition of alcohol, that is to say a product:

- having an actual alcoholic strength by volume of not less than 12 % vol but less than 15 % vol, and
- obtained by the addition to unfermented grape must having a natural alcoholic strength by volume of not less than 8,5 % vol of a product derived from the distillation of wine;

(b) Wine fortified for distillation, that is to say a product:

- having an actual alcoholic strength by volume of not less than 18 % vol but not more than 24 % vol,
- obtained exclusively by the addition to wine containing no residual sugar of an unrectified product derived from the distillation of wine and having a maximum actual alcoholic strength by volume of 86 % vol, and
- having a maximum volatile acidity of 2,40 g/litre, expressed as acetic acid;

(c) Liqueur wine, that is to say a product:

- having a total alcoholic strength by volume of not less than 17,5 % vol and an actual alcoholic strength by volume of not less than 15 % vol but not more than 22 % vol, and
- obtained from grape must or wine, which must come from vine varieties approved in the third country of origin for the production of liqueur wine and have a minimum natural alcoholic strength by volume of 12 % vol,
 - by freezing, or
 - by the addition during or after fermentation
 - of a product derived from the distillation of wine, or
 - of concentrated grape must or, in the case of certain quality liqueur wines appearing on a list to be adopted of wines for which such practice is traditional, of grape must concentrated by direct heat, which, apart from this operation, corresponds to the definition of concentrated grape must, or
 - of a mixture of these products.

However, certain quality liqueur wines appearing on a list to be adopted may be obtained from unfermented fresh grape must which does not need to have a minimum natural alcoholic strength by volume of 12 % vol.

5. For the purposes of subheading 22.07 A, the expression "piquette" means the product obtained by the fermentation of untreated grape marc macerated in water or by the extraction of fermented grape marc with water.

6. For the purposes of subheading 22.07 B I, the following are regarded as "sparkling":

- fermented beverages in bottles with "mushroom" stoppers held in place by ties or fastenings;
- fermented beverages otherwise put up, with an excess pressure of not less than 1,5 bar, measured at a temperature of 20 °C.

7. For the purposes of subheading 22.10 A, the expression "wine vinegar" means vinegar obtained exclusively by acetous fermentation of wine and having a total acidity of not less than 60 g/litre, expressed as acetic acid.

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Heading number	Description	Rate of duty	
		Autonomous % or levy (L)	Conventional %
1	2	3	4
22.01	Waters, including spa waters and aerated waters; ice and snow:		
	A. Spa waters, natural or artificial; aerated waters	8	4
	B. Other	Free	Free
22.02	Lemonade, flavoured spa waters and flavoured aerated waters, and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading No 20.07:		
	A. Not containing milk or milkfats	20	15
	B. Other, containing by weight of milkfats:		
	I. Less than 0,2 %	12,7 + vc	8 + vc
	II. 0,2 % or more but less than 2 %	12,7 + vc	8 + vc
	III. 2 % or more	12,7 + vc	8 + vc
22.03	Beer made from malt	30	24
22.04	Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol	40 (a)	—
22.05	Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol:		
	A. Sparkling wine	40 ECU per hl (a)	—
	B. Wine other than that referred to in A in bottles with "mushroom" stoppers held in place by ties or fastenings; wine otherwise put up with an excess pressure due to carbon dioxide in solution of not less than 1 bar but less than 3 bar, measured at a temperature of 20 °C	40 ECU per hl (a)	—
	C. Other:		
	I. Of an actual alcoholic strength by volume not exceeding 13 % vol, in containers holding:		
	a) Two litres or less	14,5 ECU per hl (a) (b)	—
	b) More than two litres	10,9 ECU per hl (a) (b)	10,9 ECU per hl (b)
	II. Of an actual alcoholic strength by volume exceeding 13 % vol but not exceeding 15 % vol, in containers holding:		
	a) Two litres or less	16,9 ECU per hl (a) (b)	—
	b) More than two litres	13,3 ECU per hl (a) (b)	13,3 ECU per hl (b)
	III. Of an actual alcoholic strength by volume exceeding 15 % vol but not exceeding 18 % vol, in containers holding:		
	a) Two litres or less:		
	1. Port, Madeira, sherry, Tokay (Aszu and Szamorodni) and Serubal muscatel (c)	18,1 ECU per hl (b)	16,3 ECU per hl (b)
	2. Other	20,6 ECU per hl (a) (b)	—

(a) In certain conditions a countervailing tax is provided for in respect of certain products in addition to the customs duty.

(b) The exchange rate to be applied in converting into national currencies the unit of account in which the customs duty is expressed shall, notwithstanding General Rule C 3 contained in Part I, Section I, be the representative rate, if such rate is fixed for the purposes of the common agricultural policy.

(c) Entry under this subheading is subject to conditions to be determined by the competent authorities.

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Heading number	Description	Rate of duty	
		Autonomous % or levy (L)	Conventional %
1	2	3	4
22.05 (cont'd)	C. III. b) More than two litres:		
	1. Port, Madeira, sherry and Serubal muscatel (a)	14,5 ECU per hl (b)	13,3 ECU per hl (b)
	2. Tokay (Aszu and Szamorodni) (a)	14,5 ECU per hl (b)	—
	3. Other	16,9 ECU per hl (b) (c)	—
	IV. Of an actual alcoholic strength by volume exceeding 18% vol but not exceeding 22% vol, in containers holding:		
	a) Two litres or less:		
	1. Port, Madeira, sherry, Tokay (Aszu and Szamorodni) and Serubal muscatel (a)	19,3 ECU per hl (b)	17,5 ECU per hl (b)
	2. Other	23 ECU per hl (b) (c)	23 ECU per hl (b)
	b) More than two litres:		
	1. Port, Madeira, sherry and Serubal muscatel (a)	15,7 ECU per hl (b)	14,5 ECU per hl (b)
	2. Tokay (Aszu and Szamorodni) (a)	15,7 ECU per hl (b)	—
	3. Other	23 ECU per hl (b) (c)	23 ECU per hl (b)
	V. Of an actual alcoholic strength by volume exceeding 22% vol, in containers holding:		
	a) Two litres or less	1,93 ECU per hl per % vol of alcohol + 12,1 ECU per hl (b) (c)	—
b) More than two litres	1,93 ECU per hl per % vol of alcohol (b) (c)	—	
22.06	Vermouths, and other wines of fresh grapes flavoured with aromatic extracts:		
	A. Of an actual alcoholic strength by volume of 18% vol or less, in containers holding:		
	I. Two litres or less	17 ECU per hl	—
	II. More than two litres	14 ECU per hl	—
	B. Of an actual alcoholic strength by volume exceeding 18% vol but not exceeding 22% vol, in containers holding:		
	I. Two litres or less	19 ECU per hl	—
II. More than two litres	16 ECU per hl	—	

(a) Entry under this subheading is subject to conditions to be determined by the competent authorities.
 (b) The exchange rate to be applied in converting into national currencies the unit of account in which the customs duty is expressed shall, notwithstanding General Rule C 3 contained in Part I, Section I, be the representative rate if such rate is fixed for the purposes of the common agricultural policy.
 (c) In certain conditions a countervailing tax is provided for in respect of certain products in addition to the customs duty.

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Heading number	Description	Rate of duty	
		Autonomous % or levy (L)	Conventional %
1	2	3	4
22.06 (cont'd)	C. Of an actual alcoholic strength by volume exceeding 22 % vol, in containers holding:		
	I. Two litres or less	1,60 ECU per hl per % vol of alcohol + 10 ECU per hl	—
	II. More than two litres	1,60 ECU per hl per % vol of alcohol	—
22.07	Other fermented beverages (for example, cider, perry and mead):		
	A. Piquette	1,60 ECU per hl per % vol of alcohol subject to a min. of 9 ECU per hl (a)	—
	B. Other:		
	I. Sparkling	30 ECU per hl	—
	II. Still, in containers holding:		
	a) Two litres or less	12 ECU per hl	—
	b) More than two litres	9 ECU per hl	—
22.08	Ethyl alcohol or neutral spirits, undenatured, of an alcoholic strength of 80 % vol or higher; denatured spirits (including ethyl alcohol and neutral spirits) of any strength:		
	A. Denatured spirits (including ethyl alcohol and neutral spirits) of any strength	16 ECU per hl	—
	B. Ethyl alcohol or neutral spirits, undenatured, of an alcoholic strength of 80 % vol or higher	30 ECU per hl	—
22.09	Spirits (other than those of heading No 22.08); liqueurs and other spirituous beverages; compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages:		
	A. Spirits (other than those of heading No 22.08), in containers holding:		
	I. Two litres or less	1,60 ECU per hl per % vol of alcohol + 10 ECU per hl	(b)
	II. More than two litres	1,60 ECU per hl per % vol of alcohol	(b)

(a) In certain conditions a countervailing tax is provided for in respect of certain products in addition to the customs duty.

(b) See Annex.

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Heading number	Description	Rate of duty	
		Autonomous % or levy (L)	Conventional %
1	2	3	4
22.09 (cont'd)	<p>B. Compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages:</p> <p>I. Aromatic bitters of an alcoholic strength of 44,2 to 49,2 % vol containing from 1,5 to 6 % by weight of gentian, spices and various ingredients and from 4 to 10 % of sugar, in containers of a capacity of 0,5 litre or less</p> <p>II. Other</p> <p>C. Spirituous beverages:</p> <p>I. Rum, arrack and tafia, in containers holding:</p> <p>a) Two litres or less</p> <p>b) More than two litres</p> <p>II. Gin, in containers holding:</p> <p>a) Two litres or less</p> <p>b) More than two litres</p> <p>III. Whisky:</p> <p>a) Bourbon whiskey, in containers holding (a):</p> <p>1. Two litres or less</p> <p>2. More than two litres</p>	<p>30 subject to a min. of 1,60 ECU per hl per % vol of alcohol</p> <p>30 subject to a min. of 1,60 ECU per hl per % vol of alcohol</p> <p>1,10 ECU per hl per % vol of alcohol + 10 ECU per hl</p> <p>1,10 ECU per hl per % vol of alcohol</p> <p>1,20 ECU per hl per % vol of alcohol + 10 ECU per hl</p> <p>1,20 ECU per hl per % vol of alcohol</p> <p>1,20 ECU per hl per % vol of alcohol + 10 ECU per hl</p> <p>1,20 ECU per hl per % vol of alcohol</p>	<p>Free</p> <p>27 subject to a min. of 1,60 ECU per hl per % vol of alcohol</p> <p>1 ECU per hl per % vol of alcohol + 5 ECU per hl</p> <p>1 ECU per hl per % vol of alcohol</p> <p>1 ECU per hl per % vol of alcohol + 5 ECU per hl</p> <p>1 ECU per hl per % vol of alcohol</p> <p>0,48 ECU per hl per % vol of alcohol + 3,50 ECU per hl</p> <p>0,48 ECU per hl per % vol of alcohol</p>

(a) Entry under this subheading is subject to conditions to be determined by the competent authorities.

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Heading number	Description	Rate of duty:	
		Autonomous % or levy (L)	Conventional %
1	2	3	4
22.09 (cont'd)	C. III. b) Other, in containers holding:		
	1. Two litres or less	1,20 ECU per hl per % vol of alcohol + 10 ECU per hl	0,50 ECU per hl per % vol of alcohol + 3,50 ECU per hl
	2. More than two litres	1,20 ECU per hl per % vol of alcohol	0,50 ECU per hl per % vol of alcohol
	IV. Vodka with an alcoholic strength of 45,4 % vol or less and plum, pear or cherry spirit (excluding liqueurs), in containers holding:		
	a) Two litres or less	1,60 ECU per hl per % vol of alcohol + 10 ECU per hl	1,30 ECU per hl per % vol of alcohol + 5 ECU per hl
	b) More than two litres	1,60 ECU per hl per % vol of alcohol	1,30 ECU per hl per % vol of alcohol
	V. Other, in containers holding:		
	a) Two litres or less	1,60 ECU per hl per % vol of alcohol + 10 ECU per hl	(a)
	(b) More than two litres	1,60 ECU per hl per % vol of alcohol	(a)
	22.10	Vinegar and substitutes for vinegar:	
A. Wine vinegar, in containers holding:			
I. Two litres or less		8 ECU per hl (b)	—
II. More than two litres		6 ECU per hl (b)	—
B. Other, in containers holding:			
I. Two litres or less		8 ECU per hl	—
II. More than two litres	6 ECU per hl	—	

(a) See Annex.

(b) In certain conditions a countervailing tax is provided for in respect of certain products in addition to the customs duty.

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ANNEX
(cont'd)

Heading number	Description	Rate of conventional duty %
20.06	Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit: B. II. c) Not containing added sugar, in immediate packings of a net capacity: 1. Of 4,5 kg or more: ex aa) Apricots: — In immediate packings of a net capacity of 4,5 kg or more but less than 5 kg ex bb) Peaches (including nectarines) and plums: — In immediate packings of a net capacity of 4,5 kg or more but less than 5 kg ex dd) Other fruits: — In immediate packings of a net capacity of 4,5 kg or more but less than 5 kg ex ee) Mixtures of fruit: — In immediate packings of a net capacity of 4,5 kg or more but less than 5 kg	23 23 23 23
22.09	Spirits (other than those of heading No 22.08; liqueurs and other spirituous beverages; compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages: A. Spirits (other than those of heading No 22.08), in containers holding: ex I. Two litres or less: — Of an alcoholic strength of 45,4 % vol or less ex II. More than two litres: — Of an alcoholic strength of 45,4 % vol or less C. Spirituous beverages: V. Other, in containers holding: ex a) Two litres or less: — Liqueurs and brandy (other than brandy made from stone fruit, seed fruit or seed-fruit marc), of an alcoholic strength of 45,4 % vol or less ex b) More than two litres: — Liqueurs and brandy (other than brandy made from stone fruit, seed fruit or seed-fruit marc), of an alcoholic strength of 45,4 % vol or less	 1,60 ECU per hl per % vol of alcohol + 10 ECU per hl 1,60 ECU per hl per % vol of alcohol 1,60 ECU per hl per % vol of alcohol + 10 ECU per hl 1,60 ECU per hl per % vol of alcohol
25.32	Mineral substances not elsewhere specified or included: ex B. Other: — Earth colours, whether or not calcined or mixed together: — Not calcined or mixed — Other — Other	 0,9 3,1 Free

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SECTION I

GENERAL RULES

A. Rules for the interpretation of the nomenclature of the Common Customs Tariff

Interpretation of the nomenclature of the Common Customs Tariff shall be governed by the following principles:

1. The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions.
2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as imported, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), imported unassembled or disassembled.

(b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.
3. When for any reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:
 - (a) The heading which provides the most specific description shall be preferred to headings providing a more general description.
 - (b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets, which cannot be classified by reference to 3 (a), shall be classified as if they consisted of the material or component which gives them their essential character, in so far as this criterion is applicable.
 - (c) When goods cannot be classified by reference to 3 (a) or 3 (b), they shall be classified under the heading which occurs latest among those which equally merit consideration.
4. Goods not falling within any heading of the Tariff shall be classified under the heading appropriate to the goods to which they are most akin.
5. *The above Rules shall also apply mutatis mutandis when determining the appropriate subheading within a heading.*

B. General rules concerning duties

1. The customs duties applicable to imported goods originating in countries which are Contracting Parties to the General Agreement on Tariffs and Trade or with which the European Economic Community has concluded agreements containing the most-favoured-nation tariff clause shall be the conventional duties shown in column 4

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of the schedule of duties. Unless the context otherwise requires, these conventional duties are applicable to goods, other than those referred to above, imported from any third country.

The autonomous duties shown in column 3 are applicable:

- when they are less than the conventional duties; or
 - when no conventional duty exists, in which case a dash is shown in column 4.
2. Paragraph 1 shall not apply where special autonomous customs duties are provided for in respect of goods originating in certain countries or where preferential customs duties are applicable in pursuance of agreements.
 3. Paragraphs 1 and 2 shall not preclude the Member States from applying customs duties other than those of the Common Customs Tariff where the application of such other duties is justified by Community law.
 4. The duties expressed as percentage rates in columns 3 and 4 are *ad valorem* duties.
 5. The letter (L) appearing in column 3 opposite certain headings or subheadings denotes that the goods concerned are subject to levies.

When the customs duty is followed by the sign (+) and the letter (L), for example "16 + (L)", the goods are subject to both duty and levy.

When the customs duty is followed by the letter (L), for example "20 (L)", the figure 20 refers to a rate of duty made obsolete by the introduction of the levy system.

6. The letters "vc" in columns 3 and 4 denote that the goods concerned are chargeable with a "variable component" determined under the regulations relating to trade in certain goods processed from agricultural products.
7. The symbol "ads" or "adf" in column 4 in Chapters 17, 18 and 19 indicates that the maximum rate of duty consists of an *ad valorem* duty plus an additional duty for certain forms of sugar or for flour. This additional duty is fixed in accordance with the rules concerning trade in certain processed agricultural products.
8. The symbol "ads" in column 4 in Chapter 20 indicates that the Community reserves the right to charge, over and above the bound duty, an additional duty on sugar corresponding to the duty payable on imported sugar and applicable to the quantity of various sugars contained in this product in excess of the percentage by weight laid down in Additional Notes 3 and 5 to Chapter 20, or, in respect of products falling within headings Nos 20.03, 20.04 and 20.05 which exceed 13 % by weight.
9. In heading No 20.06, column 4, the symbol "2 ads" indicates that the applicable rate of the additional duty on sugar is fixed at a standard rate of 2 % of the customs value of the goods.

C. General rules applicable both to nomenclature and to duties

1. Unless provided otherwise, the provisions relating to value for customs purposes shall be applied to determine, in addition to the value for the assessment of *ad valorem* customs duties, the values by reference to which the scope of certain headings or subheadings is defined.
2. The dutiable weight, in the case of goods chargeable by weight, and the weights by reference to which the scope of certain headings or subheadings is defined, shall be taken to be:
 - (a) in the case of a reference to "gross weight", the aggregate weight of the goods and of all packings thereof;
 - (b) in the case of a reference to "net weight" or simply to "weight" without qualification, the weight of the goods themselves without packing of any kind.

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For the purposes of paragraphs (a) and (b) above, "packing" means any external or internal containers, holders, wrappings or supports other than transport devices (e.g. transport containers), tarpaulins, tackle or ancillary transport equipment.

3. Pursuant to the first subparagraph of Article 2 (2) of Regulation (EEC) No 2779/78 ⁽¹⁾, as amended by Regulation (EEC) No 289/84 ⁽²⁾/the value in national currencies of the ECU by reference to which certain specific customs duties are expressed, or which is used as a criterion limiting the scope of certain subheadings, shall be the following:

1 ECU =	{	45,3837	Belgian francs/Luxembourg francs,
		2,23596	German marks,
		2,52050	Dutch guilders,
		0,592085	pound sterling,
		8,09937	Danish kroner,
		6,85840	French francs,
		1 383,98	Italian lira,
		0,721675	Irish pound,
		92,1772	Greek drachmas.

SECTION II

SPECIAL PROVISIONS

A. Goods for certain categories of ships, boats and other vessels and for drilling or production platforms

1. Customs duties are suspended in respect of goods intended for incorporation in the ships, boats or other vessels listed in the following schedule, for the purposes of their construction, repair, maintenance or conversion, and in respect of goods intended for fitting to or equipping such ships, boats or other vessels.

Heading number	Description
89.01	Ships, boats and other vessels not falling within headings Nos 89.02 to 89.05: A. Warships B. Other: I. Sea-going vessels
89.02	Vessels specially designed for towing (tugs) or pushing other vessels: A. Tugs B. Pusher craft: I. Sea-going
ex 89.03	Light-vessels, fire-floats, dredgers of all kinds, floating cranes, and other vessels, excluding floating or submersible drilling or production platforms, the navigability of which is subsidiary to their main function; floating docks: A. Sea-going

⁽¹⁾ OJ No L 333, 30. 11. 1978, p. 5.

⁽²⁾ OJ No L 33, 4. 2. 1984, p. 2.

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2. Customs duties are suspended in respect of:
 - (a) goods intended for incorporation in drilling or production platforms:
 - (1) fixed, subheading ex 84.23 A II a), operating in the territorial waters of Member States,
 - (2) floating or submersible, subheading ex 89.03 A,for the purposes of their construction, repair, maintenance, conversion or equipping.

Those goods such as motor fuel, lubricants and gas, which are necessary for the operation of machines and apparatus which do not affect permanently, and are not integral parts of the platforms and which are used on board for their construction, repair, maintenance, conversion or equipping are regarded also as being used for incorporation in drilling or production platforms;
 - (b) tubes, pipes, cables and their connecting pieces linking these drilling or production platforms to the mainland.
3. The suspensions shall be subject to such conditions as may be determined by the competent authorities with a view to customs control of the use of such goods.

B. Civil aircraft and goods for use in civil aircraft

1. Relief from customs duty is provided for:
 - civil aircraft,
 - certain goods for use in civil aircraft and for incorporation therein in the course of their manufacture, repair, maintenance, rebuilding, modification or conversion,
 - ground flying trainers and their parts.These goods are covered by subheadings ⁽¹⁾ with a footnote reference in the following terms:

“Entry under this subheading is subject to conditions to be determined by the competent authorities. See also Section II, paragraph B, of the Preliminary Provisions.”
2. For the purposes of paragraph 1, “civil aircraft” means aircraft other than aircraft used in military or similar services in the Member States which carry a military or non-civil registration.
3. For the application of paragraph 1, second indent, the expression “for use in civil aircraft” in all relevant subheadings ⁽¹⁾ shall include goods for use in ground flying trainers for civil use.

C. Standard rate of duty

1. Customs duty shall be charged at the flat rate of 10 % *ad valorem* on goods:
 - sent in small consignments to private individuals, or
 - contained in travellers' personal luggage,provided that such importations are not of a commercial nature and that the total value of such goods does not exceed 115 ECU per consignment or per traveller.

Such flat rate assessment shall not apply to goods falling within Chapter 24.

⁽¹⁾ The subheadings concerned are within the following headings:
39.07, 40.09, 40.11, 40.14, 40.16, 62.05, 68.13, 68.14, 73.18, 73.25, 73.38, 76.06, 81.04, 83.02, 83.07, 83.08, 84.06, 84.07, 84.08, 84.10, 84.11, 84.12, 84.15, 84.17, 84.18, 84.21, 84.22, 84.53, 84.59, 84.63, 84.64, 85.01, 85.04, 85.08, 85.12, 85.14, 85.15, 85.17, 85.20, 85.22, 85.23, 88.01, 88.02, 88.03, 88.05, 90.01, 90.02, 90.14, 90.18, 90.23, 90.24, 90.27, 90.28, 90.29, 91.03, 91.08, 94.01 and 94.03.

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2. An importation shall be treated as not being of a commercial nature if:
 - it is occasional,
 - it consists solely of goods for personal or family use by the consignee or, in the case of travellers, imported goods intended as gifts: such goods shall be of such kind or quality that there is no indication that they are being imported for any commercial purpose.
3. The flat rate charge shall apply independently of the duty-free admission granted in respect of goods contained in traveller's personal luggage, in accordance with Articles 45 to 49 of Regulation (EEC) No 918/83 (1).
4. The flat rate of customs duty shall not apply to goods imported under the conditions set out above if the person entitled has, before the said flat rate is applied to them, requested that they be subject to the customs duties appropriate to them. All the goods making up the consignment shall then be subject to the import duties which are appropriate to them, without prejudice to the duty-free admission under Articles 45 to 49 of Regulation (EEC) No 918/83.

For the purposes of the first subparagraph, import duties shall mean both customs duties and charges having equivalent effect and agricultural levies and other import charges provided for under the common agricultural policy or under specific arrangements laid down for certain goods resulting from the processing of agricultural products.
5. Member States may round off the amount in national currency resulting from the conversion of the sum of 115 ECU.
6. Member States may maintain unchanged the equivalent in national currency of the sum of 115 ECU if, at the time of the annual adjustment provided for in the first paragraph of Article 2 (2) of Regulation (EEC) No 2779/78, as last amended by Regulation (EEC) No 289/84, the conversion of this amount, before rounding off provided for in paragraph 5, results in a change of less than 5 % in the equivalent in national currency.

D. Packings imported full

1. Packings, as defined in Section I, C., 2., imported full and put into free circulation at the same time as the goods contained therein shall be:
 - (a) chargeable at the same rate of customs duty as the goods contained therein:
 - where such goods are subject to an *ad valorem* customs duty, or
 - where the packings are to be included in the dutiable weight of the goods contained therein;
 - (b) admitted free of customs duties:
 - where the goods contained therein are free of customs duty, or
 - where the goods contained therein are dutiable otherwise than by reference to weight or value, or
 - where the weight of the packings is not to be included in the dutiable weight of the goods contained therein;

(1) OJ No L 105, 23. 4. 1983, p. 1.

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(c) chargeable at the rates of customs duty appropriate to them, notwithstanding subparagraphs (a) and (b) above:

- where they are not of a type normally used for the goods contained therein and have an independent and durable use other than as packings, or
- where they have been used in order to evade payment of customs duties applicable thereto in accordance with their tariff description.

2. Where packings covered by the provisions of paragraphs 1 (a) and (b) contain goods of several different tariff descriptions, the weight and value of the packings shall, for the purpose of determining their dutiable weight or value, be apportioned between all the goods contained, in proportion to the weight or value of those goods.

Note

A heading number placed between square brackets in column 1 of the Schedule of Customs Duties indicates that the heading has been deleted (for example, headings Nos [05.06], [29.18] and [95.01]).

APPENDIX 55.2 COMPARISON OF IMPORT DUTIES - JAPAN/ EC

Product	Duty ¥/litre		Number of times Japan exceeds EC
	Japan	EC	
<u>Whisky (43°)</u>			
- bottled	299.00-332.00	46.25	6.5-7.2
- bulk	370.00	39.77	9.3
<u>Bourbon (43°)</u>			
- bottled	154.00(est.)	44.66	3.5
<u>Brandy (43°)</u>			
- bottled	407.00	145.78	2.8
- bulk	345.00	127.28	2.7
<u>Sparkling Wine</u>			
- bottled	360.00	74.00	4.9
<u>Table Wine not more than 13°</u>			
- bottled	166.00-280.00	26.83	6.2-10.4
- bulk	30.00- 80.00	20.17	1.5- 4.0

APPENDIX 5

5.3 TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

Page 1-82

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

1 - 12 - C
167.05 - 167.37

G S P	Item	Scat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
Subpart C. - Fermented Alcoholic Beverages							
Subpart C headnote:							
1. Beverages in this subpart, containing over 24 percent of ethyl alcohol by volume when imported, are classed as spirits under items 169.46 and 169.47.							
A*	167.05		Ale, porter, stout, and beer.....	.....	6c per gal. <u>1/</u>		50c per gal. <u>1/</u>
		15	In containers each holding not over 1 gallon:				
		30	In glass containers.....	Gal.			
		40	Other.....	Gal.			
			In containers each holding over 1 gallon.....	Gal.			
	167.10		Champagne and other sparkling wines.....	.....	\$1.17 per gal. <u>2/</u>		\$6 per gal. <u>2/</u>
		20	Valued not over \$6 per gallon.....	Gal.			
		40	Valued over \$6 per gallon.....	Gal.			
A	167.15	00	Cider, fermented, whether still or sparkling.....	Gal.....	3c per gal. <u>2/</u>		5c per gal. <u>2/</u>
	167.20	00	Prune wine.....	Gal.....	26c per gal. + \$1.85 per proof gallon on ethyl alcohol content <u>2/</u>		70c per gal. + \$5 per proof gallon on ethyl alcohol content <u>2/</u>
A	167.25	00	Rice wine or sake.....	Gal.....	25c per gal. <u>1/</u>		\$1.25 per gal. <u>1/</u>
			Still wines produced from grapes: Containing not over 14 percent of alcohol by volume:				
	167.30		In containers each holding not over 1 gallon.....	.....	37.5c per gal. <u>2/</u>		\$1.25 per gal. <u>2/</u>
			Valued not over \$4 per gallon:				
		05	Red.....	Gal.			
		15	White.....	Gal.			
		25	Other.....	Gal.			
			Valued over \$4 per gallon:				
		30	Red.....	Gal.			
		45	White.....	Gal.			
		60	Other.....	Gal.			
	167.32	00	In containers each holding over 1 gallon.....	Gal.....	62.5c per gal. <u>2/</u>		\$1.25 per gal. <u>2/</u>
			Containing over 14 percent of alcohol by volume:				
A	167.34	00	In containers each holding not over 1 gallon, if entitled under regulations of the United States Internal Revenue Service to a type designation which includes the name "Marsala" and if so designated on the approved label.....	Gal.....	31.5c per gal. <u>2/</u>		\$1.25 per gal. <u>2/</u>
	167.35	20	Sherry.....	.....	\$1 per gal. <u>2/</u>		\$1.25 per gal. <u>2/</u>
			In containers each holding not over 1 gallon.....	Gal.			
		40	In containers each holding over 1 gallon.....	Gal.			
	167.37	00	Other.....	Gal.....	\$1 per gal. <u>2/</u>		\$1.25 per gal. <u>2/</u>
<p><u>1/</u> Imports under this item are subject to a Federal Excise Tax (26 U.S.C. 5051) of \$9 per barrel of 31 gallons and at a like rate for any other quantity or for fractional parts of a barrel.</p> <p><u>2/</u> Imports under this item are subject to a Federal Excise Tax (26 U.S.C. 5041) at the rate of:</p> <p>1) 17c per wine gallon on still wines containing not more than 14% of alcohol by volume;</p> <p>2) 67c per wine gallon on still wines containing more than 14% and not exceeding 21% of alcohol by volume;</p> <p>3) \$2.25 per wine gallon on still wines containing more than 21% and not exceeding 24% of alcohol by volume;</p> <p>4) \$3.40 per wine gallon on champagne and other sparkling wines; and</p> <p>5) \$2.40 per wine gallon on artificially carbonated wines.</p>							
Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).							

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

SCHEDULE 7. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

Page 1-83 ①

1 - 12 - C, D
167.40 - 168.4

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
A	167.40	00	Vermuth:				
	167.42	00	In containers each holding not over 1 gallon.....	Gal.....	21c per gal. <u>1/</u>		\$1.25 per gal. <u>1/</u>
			In containers each holding over 1 gallon.....	Gal.....	32c per gal. <u>1/</u>		\$1.25 per gal. <u>1/</u>
A	167.50	00	Other fermented alcoholic beverages.....	Gal.....	25c per gal. <u>2/</u>		\$1.25 per gal. <u>2/</u>
	167.90	00	Imitations of wines.....	Pf. gal.	\$3.75 per proof gallon <u>1/</u>		\$5 per proof gallon <u>1/</u>
Subpart D. - Spirits, Spirituous Beverages, and Beverage Preparations							
Subpart D headnote:							
1. The rates of duty provided for the products enumerated in this subpart shall be assessed on a proof gallon basis (i.e., the rates shown indicate the amount of duty which shall be collected on each gallon of an imported product at 100 proof). The amount of duty which shall be collected for each gallon of a product which is imported at more than or less than 100 proof shall bear the same ratio to the applicable rate of duty as the proof of the imported product bears to 100 proof.							
	168.04	00	Aquavit:				
			In containers each holding not over 1 gallon.....	Pf. gal.	42c per proof gallon <u>3/</u>		\$7.52 per proof gallon <u>3/</u>
	168.06	00	In containers each holding over 1 gallon.....	Pf. gal.	42c per proof gallon <u>3/</u>		\$5.00 per proof gallon <u>3/</u>
	168.09	00	Arrack:				
			In containers each holding not over 1 gallon.....	Pf. gal.	\$2.28 per proof gallon <u>3/</u>		\$6.72 per proof gallon <u>3/</u>
	168.11	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.00 per proof gallon <u>3/</u>		\$5.00 per proof gallon <u>3/</u>
Bitters of all kinds containing spirits: Not fit for use as beverages:							
A	168.12	00	In containers each holding not over 1 gallon..	Pf. gal.	38c per proof gallon		\$5.56 per proof gallon
A	168.13	00	In containers each holding over 1 gallon.....	Pf. gal.	38c per proof gallon		\$5.00 per proof gallon
Fit for use as beverages:							
A	168.14	00	In containers each holding not over 1 gallon..	Pf. gal.	50c per proof gallon <u>3/</u>		\$27.32 per proof gallon <u>3/</u>
A	168.16	00	In containers each holding over 1 gallon.....	Pf. gal.	50c per proof gallon <u>3/</u>		\$5.00 per proof gallon <u>3/</u>
Brandy:							
Pisco and singani:							
A	168.36	00	In containers each holding not over 1 gallon: Valued not over \$9 per gallon.....	Pf. gal. v Gal. ①	34c per proof gallon <u>3/</u>	25c per proof gallon <u>3/</u>	\$6.72 per proof gallon <u>3/</u>
A	168.37	00	Valued over \$9 per gallon.....	Pf. gal. v Gal. ①	69c per proof gallon <u>3/</u>	50c per proof gallon <u>3/</u>	\$6.72 per proof gallon <u>3/</u>
A	168.39	00	In containers each holding over 1 gallon: Valued not over \$9 per gallon.....	Pf. gal. v Gal. ①	27c per proof gallon <u>3/</u>	20c per proof gallon <u>3/</u>	\$5.00 per proof gallon <u>3/</u>
A	168.41	00	Valued over \$9 per gallon.....	Pf. gal. v Gal. ①	55c per proof gallon <u>3/</u>	40c per proof gallon <u>3/</u>	\$5.00 per proof gallon <u>3/</u>
<p><u>1/</u> Imports under this item are subject to a Federal Excise Tax (26 U.S.C. 5041) at the rate of:</p> <ol style="list-style-type: none"> 1) 17c per wine gallon on still wines containing not more than 14% of alcohol by volume; 2) 67c per wine gallon on still wines containing more than 14% and not exceeding 21% of alcohol by volume; 3) \$2.25 per wine gallon on still wines containing more than 21% and not exceeding 24% of alcohol by volume; 4) \$3.40 per wine gallon on champagne and other sparkling wines; and 5) \$2.40 per wine gallon on artificially carbonated wines. <p><u>2/</u> Imports under this item are subject to Federal Excise Taxes (26 U.S.C. 5041 and 5051) as follows:</p> <ol style="list-style-type: none"> 1) If fermented from malt, a tax of \$9 per barrel of 31 gallons, and at a like rate for any other quantity or for fractional parts of a barrel. 2) If fermented from other than malt, a tax at the rates shown in footnote 1 above. <p><u>3/</u> Imports under this item are subject to a Federal Excise Tax (26 U.S.C. 5001) of \$10.50 per proof gallon and a proportionate tax at the like rate on all fractional parts of a proof gallon.</p>							
Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).							

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

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SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

1 - 12 - D
168.42 - 169.22

C S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Brandy (con.): Slivovitz:				
A	168.42	00	In containers each holding not over 1 gallon: Valued not over \$9 per gallon.....	Pf. gal.v Gal. ①	\$3.40 per proof gallon 1/		\$8.88 per proof gallon 1/
A	168.54	00	Valued over \$9 but not over \$13 per gallon.....	Pf. gal.v Gal. ①	\$1.25 per proof gallon 1/		\$8.88 per proof gallon 1/
A	168.57	00	Valued over \$13 per gallon.....	Pf. gal.v Gal. ①	69c per proof gallon 1/	50c per proof gallon 1/	\$8.88 per proof gallon 1/
A	168.59	00	In containers each holding over 1 gallon: Valued not over \$9 per gallon.....	Pf. gal.v Gal. ①	50c per proof gallon 1/		\$5.00 per proof gallon 1/
A	168.61*	00	Valued over \$9 per gallon.....	Pf. gal.v Gal. ①	55c per proof gallon 1/	40c per proof gallon 1/	\$5.00 per proof gallon 1/
			Other:				
	168.74	00	In containers each holding not over 1 gallon: Valued not over \$9 per gallon.....	Pf. gal.v Gal. ①	\$3.40 per proof gallon 1/		\$8.88 per proof gallon 1/
	168.76	00	Valued over \$9 but not over \$13 per gallon.....	Pf. gal.v Gal. ①	\$1.25 per proof gallon 1/		\$8.88 per proof gallon 1/
	168.78	00	Valued over \$13 per gallon.....	Pf. gal.v Gal. ①	69c per proof gallon 1/	50c per proof gallon 1/	\$8.88 per proof gallon 1/
	168.80	00	In containers each holding over 1 gallon: Valued not over \$9 per gallon.....	Pf. gal.v Gal. ①	50c per proof gallon 1/		\$5.00 per proof gallon 1/
	168.82	00	Valued over \$9 per gallon.....	Pf. gal.v Gal. ①	55c per proof gallon 1/	40c per proof gallon 1/	\$5.00 per proof gallon 1/
A	168.96	00	Cordials, liqueurs, kirschwasser, and ratafia: In containers each holding not over 1 gallon.....	Pf. gal.	50c per proof gallon 1/		\$11.64 per proof gallon 1/
A	168.98	00	In containers each holding over 1 gallon.....	Pf. gal.	50c per proof gallon 1/		\$5.00 per proof gallon 1/
A	169.04	00	Ethyl alcohol for beverage purposes.....	Pf. gal.	\$1.12 per proof gallon 1/		\$5.00 per proof gallon 1/
A	169.07	00	Gin: In containers each holding not over 1 gallon.....	Pf. gal.	50c per proof gallon 1/		\$7.52 per proof gallon 1/
A	169.08	00	In containers each holding over 1 gallon.....	Pf. gal.	50c per proof gallon 1/		\$5.00 per proof gallon 1/
	169.13	00	Rum (including <u>cana paraguaya</u>): In containers each holding not over 1 gallon.....	Pf. gal.	\$1.48 per proof gallon 1/	\$1.40 per proof gallon 1/	\$7.52 per proof gallon 1/
	169.14		In containers each holding over 1 gallon.....	.....	\$1.48 per proof gallon 1/	\$1.40 per proof gallon 1/	\$5.00 per proof gallon 1/
		05	Valued not over \$2 per gallon.....	Pf. gal.v Gal. ①			
		10	Valued over \$2 but not over \$3.50 per gallon.....	Pf. gal.v Gal. ①			
		15	Valued over \$3.50 per gallon.....	Pf. gal.v Gal. ①			
			Whiskey:				
	169.19	00	Irish and Scotch: In containers each holding not over 1 gallon..	Pf. gal.	28c per proof gallon 1/		\$7.52 per proof gallon 1/
	169.20	00	In containers each holding over 1 gallon.....	Pf. gal.	28c per proof gallon 1/		\$5.00 per proof gallon 1/
	169.21	00	Other: In containers each holding not over 1 gallon..	Pf. gal.	34c per proof gallon 1/	25c per proof gallon 1/	\$7.74 per proof gallon 1/
	169.22	00	In containers each holding over 1 gallon.....	Pf. gal.	34c per proof gallon 1/	25c per proof gallon 1/	\$5.00 per proof gallon 1/

1/ Imports under this item are subject to a Federal Excise Tax (26 U.S.C. 5001) of \$10.50 per proof gallon and a proportionate tax at the like rate on all fractional parts of a proof gallon.

Note: For explanation of the symbol "A" or "A*" in the column entitled "CSP", see general headnote 3(c).

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

Page 1-85 ①
1 - 12 - D
169.31 - 169.59

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	169.31	00	Tequila:				
			In containers each holding not over 1 gallon.....	Pf. gal.	\$2.27 per proof gallon 1/		\$6.35 per proof gallon 1/
A	169.32	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
			Vodka:				
			In containers each holding not over 1 gallon:				
			Valued not over \$7.75 per gallon.....	Pf. gal. v	\$2.56 per proof gallon 1/		\$6.72 per proof gallon 1/
A	169.37	00	Valued over \$7.75 per gallon.....	Gal. ①	69c per proof gallon 1/	50c per proof gallon 1/	\$6.72 per proof gallon 1/
A	169.38	00	In containers each holding over 1 gallon.....	Pf. gal. ①	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
A	169.39	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
			Other spirits, and preparations in chief value of distilled spirits, fit for use as beverages or for beverage purposes:				
			Spirits:				
			In containers each holding not over 1 gallon:				
			Mescal.....	Pf. gal.	\$2.56 per proof gallon 1/		\$6.72 per proof gallon 1/
A	169.42	00	Other.....	Pf. gal.	\$2.56 per proof gallon 1/		\$6.72 per proof gallon 1/
A	169.44	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
A	169.47	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
			Other:				
			In containers each holding not over 1 gallon..	Pf. gal.	\$1.25 per proof gallon 1/		\$15.33 per proof gallon 1/
A	169.48	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
A	169.49	00	In containers each holding over 1 gallon.....	Pf. gal.	\$1.25 per proof gallon 1/		\$5.00 per proof gallon 1/
			Imitations of brandy and other spirituous beverages:				
			In containers each holding not over 1 gallon.....	Pf. gal.	\$5.75 per proof gallon 1/		\$8.88 per proof gallon 1/
A	169.58	00	In containers each holding over 1 gallon.....	Pf. gal.	\$2.50 per proof gallon 1/		\$5.00 per proof gallon 1/
A	169.59	00	In containers each holding over 1 gallon.....	Pf. gal.	\$2.50 per proof gallon 1/		\$5.00 per proof gallon 1/

1/ Imports under this item are subject to a Federal Excise Tax (26 U.S.C. 5001) of \$10.50 per proof gallon and a proportionate tax at the like rate on all fractional parts of a proof gallon.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

PARALLEL IMPORTS

APPENDIX 6

PARALLEL IMPORTS

**11. EXAMINATION GUIDELINES ON UNFAIR TRADE PRACTICES
IN SOLE IMPORT DISTRIBUTORSHIP CONTRACTS, ETC.**

November 21, 1972
Fair Trade Commission

1. Among the restrictions which are likely to constitute unfair trade practices in continuous import and sales contracts including sole import distributorship contracts, the followings are outstanding:

- (1) Restricting the resale prices of the goods covered by the contract;
- (2) Restricting the persons to whom the goods covered by the contract are resold;
- (3) Imposing the obligation to purchase parts, etc., for the goods covered by the contract from the foreign party or a person designated by such foreign party; Provided, that this provision is not applicable to the case where the foreign party requires on reasonable grounds that the domestic party shall stock a certain quantity of parts, etc., for example, so that the domestic party can adequately meet the demand of the users for repair parts, etc.;
- (4) Hindering unjustly parallel importation of the goods covered by the contract;
- (5) Imposing an unjust disadvantageous condition for the termination of the contract; and
- (6) Restricting manufacturing, using or selling goods competing with those covered by the contract; Provided, that this shall not include the case where the domestic party has been granted an exclusive license to sell and he is not restricted from manufacturing, using or selling those goods which he has already been manufacturing, using or selling.

2. In case the parties to the sole import distributorship contract are in a competitive relationship with one another with respect to the goods covered by the contract or the same kind, and if the domestic party occupies either 25 percent or larger share or the largest share in the domestic market for the goods covered by the contract and the goods of the same description as a result of the contract, such contract is likely to constitute unfair trade practices: Provided, that this shall not apply where, in the light of such competitive conditions in the industry concerned and economic conditions regarding the contract and the goods covered by the contract, no likelihood of hindering fair competition is found. Such conditions taken into account include the followings:

- (1) The business capacity of the parties and competitors;
- (2) The circumstances of distribution of the goods concerned.
- (3) The circumstances regarding new entry into the industry and its degree of

difficulty; and

(4) Competition with substitute goods.

For the purpose of this paragraph, the term "parties" shall include their closely related companies, namely companies whose management is substantially controlled by such parties (subsidiaries, sub-subsidiaries, etc.), companies which substantially control the management of such parties (parent companies, etc.) and companies whose managements is substantially controlled by the common parent company (brotherhood companies, etc.).

3. Depending on the actual circumstances, the preceding two paragraphs shall apply *mutatis mutandis* to an contract between a domestic party and a foreign party, under which the domestic party is to handle goods on consignment, or act as intermediary.

JAPANESE COURT WON'T RESTRAIN PARALLEL IMPORTS OF GENUINE GOODS

TOKYO—(By a BNA Special Correspondent)—The Tokyo District Court recently confirmed that a holder of a trademark may not prevent parallel import of goods bearing the identical trademark as long as those goods are genuine.

The plaintiffs are La Chemise Lacoste, a French company of the Lacoste trademark, and Sankyoseiko, its Japanese exclusive trademark licensee and sportswear manufacturer; the defendants are Shinshinboeki, an importer of Lacoste sportswear from an American producer Izod, and Miura, a seller of the imported Lacoste products. The plaintiffs asked the court to issue an injunction under the Trademark Act on the ground that the defendants impaired the right of a trademark holder and its exclusive licensee.

The court, however, took the view that, because Izod legally manufactures Lacoste sportswear with Lacoste trademark licensed by an American affiliate of La Chemise Lacoste, the imported Lacoste products do not prejudice the functions of trademark, *i.e.*, identification of origin and guarantee of quality. Thus, the court dismissed the claim.

In this context, ever since the *Parker* case was decided by the Osaka District Court in 1970, the Fair Trade Commission has given administrative guidance to international contracts with respect to hindrance of parallel imports. The FTC maintains that hindrance of parallel imports of genuine goods is likely to constitute an unfair trade practice prohibited by the Antimonopoly Act.

PRODUCT LABELLING

APPENDIX 7LABELLING7.1 THE LABELLING OF WHISKY IN JAPAN

(Write-up produced by the Scotch Whisky Association)

1. Although there is no international definition of whisky, statutory definitions in all the traditional whisky-producing countries define it as a spirit distilled exclusively from cereal grains in such a way as to derive flavour from the raw materials and matured in wooden casks.
2. Japanese law permits the use of the description whisky in relation to products consisting mainly of unmatured neutral alcohol. The law does not specify the raw material from which the alcohol must be distilled. The international prestige and reputation of whisky can consequently be attached to a product which may contain only 10% cereal spirit (and even that not matured) and 90% molasses alcohol with consequent deception or confusion of the consumer.
3. This unfair competition against "traditional" whisky is exacerbated by the tax structure. Whiskies are divided into three categories on the basis of the proportion of cereal spirit which they contain and/or their alcoholic strength. An extract from "The Japanese Liquor Market 1983" giving a rather over-simplified explanation of these tax categories is attached as Appendix 1. It shows that whiskies which are either made wholly from cereals or have an a cereal content of 27% or higher or which have an alcoholic strength of 43% or higher are by definition special grade. (But please see the further comments in paragraph 6(ii) and Appendix 3). Second grade whiskies (which can contain the lowest proportion of cereal spirits) bear only about 10% of the tax imposed on special grade whiskies (all "traditional" whiskies being of course "special grade").
4. In 1976 consumer groups in Japan complained to the Japanese Fair Trade Commission about the lack of information on whisky labels. The FTC asked producers and importers to draw up "fair competition rules" including requirements for the listing of ingredients. The discussions which took place at this time between the FTC and the Scotch Whisky Association were unfortunately rather vague and unsatisfactory. In 1980 "Fair Competition Rules on the Description, Labelling and Advertising of Imported Whisky" came into operation. Similar rules were adopted for Japanese whisky. The rules are, however, unsatisfactory and seem ill adapted in practice to prevent the confusion complained of by consumers in 1976. (Please see photocopy attached as Appendix 2).
5. The problem - and discussion of the problem - is made difficult by the complexities of translation from European languages into Japanese and, apparently, by the severe limitations of the Japanese vocabulary. This is perhaps best illustrated by an extract from the report of the Director General of the SWA on a visit to Japan in the Spring of 1980. He wrote:

"It is not possible to translate the word "maize" directly into Japanese The Japanese word 'tomorokoshi' could be used but to the Japanese consumer this means 'corn on the cob, eaten with butter'. The word 'kohn' could also be used but this normally refers to 'popcorn' The word 'kokurui', literally meaning cereals, would also be inappropriate for Scotch whisky as this word is normally used by Japanese when referring to low quality animal feed grains ... It became clear that the only words which are in any way appropriate and which convey the right image for Scotch whisky are 'malt and grain' which when translated into Japanese become 'moruto to gurein'".

6. The present situation is unsatisfactory in the following ways:

- (i) The labelling requirements are not a matter of law. They are embodied in rules which are the subject of separate agreements between the FTC and the Japanese producers and between the FTC and the Wines and Spirits Importers Association*. Not only is it unsatisfactory that there should be different agreements for domestic and imported whiskies but, worse, since the rules relating to imported whisky are enforced by the importers' Association, there appears to be no machinery for ensuring that parallel imports (by traders not members of that Association) should comply with the same or similar rules.
- (ii) The rules and definitions promulgated by the Japanese Authorities appear to be very unsatisfactory and calculated to cause rather than prevent the confusion of consumers. Translation of an extract from the Liquor Tax Act which is quoted in a book by Hiroyuki Sawano (copy of which is attached as Appendix 3) indicates that it is lawful to describe as "grain" a spirit distilled from a mixture of raw materials of which grain constitutes only 20%.
- (iii) The above shows that the labelling requirements are not even theoretically adequate. That they have an absurd result in the market place is better illustrated by examination of specimen labels. There are attached as Appendix 4 photocopies of the labels of two Japanese special grade whiskies (Suntory Royal and Suntory Reserve), two Japanese first grade whiskies (Suntory White and Suntory Extra Gold) and one Scotch whisky (Black & White) on which English translations of the descriptions of ingredients have been typed. Not only are the ingredient descriptions of the Japanese special grade whiskies identical to that of the Scotch whisky - "Raw Materials: Malt, Grain" - but precisely the same Japanese characters appear on the labels of the Japanese first grade whiskies. As was shown in paragraph 3 and Appendix 1, any whisky which consists wholly of cereal spirits or has 27% or more cereal spirits (even on the basis of the bizarre definition explained in sub-paragraph (ii) above) is a special grade whisky and should be taxed as such.

*Footnote: The Importers' Association does not appear to have the same status and influence with the Japanese Government as the Japanese Producers' Association.

Yet these Japanese first grade whiskies - which cannot by definition be wholly cereal - bear exactly the same ingredient description as Scotch whisky, namely "raw materials: malt, grain".

7. There appear therefore to be very reasonable grounds for asking that, in recognition of the importance of fair competition, the Japanese authorities should either restrict the use of the description whisky in Japan to spirits complying with the traditional meaning of that word or else require all products described as whisky to bear prominently on the main label a statement of the proportion of cereal spirit, the place of distillation of such spirit and a description of the raw materials from which the other constituents are distilled. Examination of existing bottles shows that information on neck labels or back labels is - even if accurate - inadequate to prevent deception of consumers. The information should, moreover, be on a label applied by the producer who alone has certain knowledge of the contents of the bottle.

8. Objections will undoubtedly be raised by the Japanese authorities. Some of these objections may be based upon letters written by the SMA to the FTC. It is therefore important that the background be understood by those negotiating with the Japanese. This background is set out and explained in Appendix 5.

Conclusion and Summary:

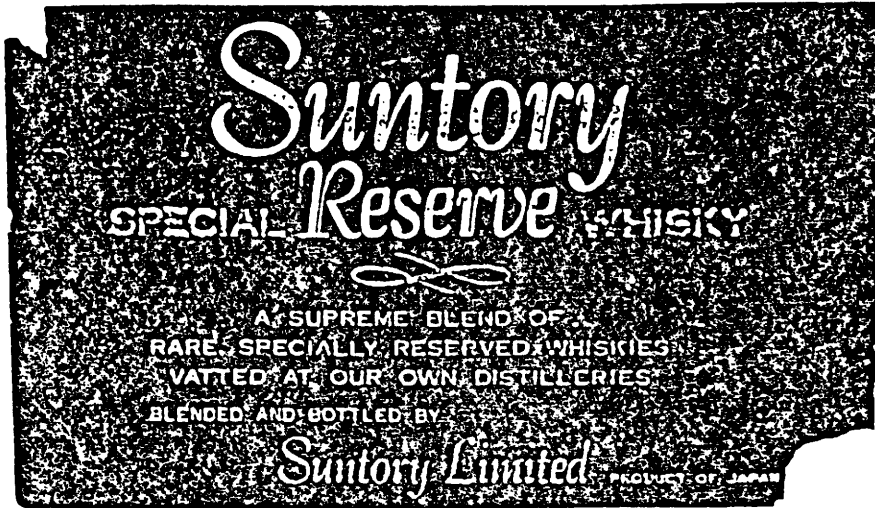
1. The lack of a satisfactory definition of whisky distorts competition.
2. That distortion is exacerbated by the tenfold difference in tax on products bearing the same generic description.
3. In 1976 consumer organisations complained to the FTC.
4. The labelling requirements adopted in 1980 do not and cannot prevent confusion because of the misleading wording used and/or because the rules permit the description "grain" to be used for an ingredient for which grain constituted only 20% of the raw materials other than water.
5. Accurate information on the main label is necessary in the interests of consumers and of fair competition.
6. The statements made by the SWA to the FTC between 1976 and 1980 were made in circumstances different from those now existing, in relation to different proposals, and without knowledge of the extent of confusion among consumers.

Source : Scotch Whisky Association

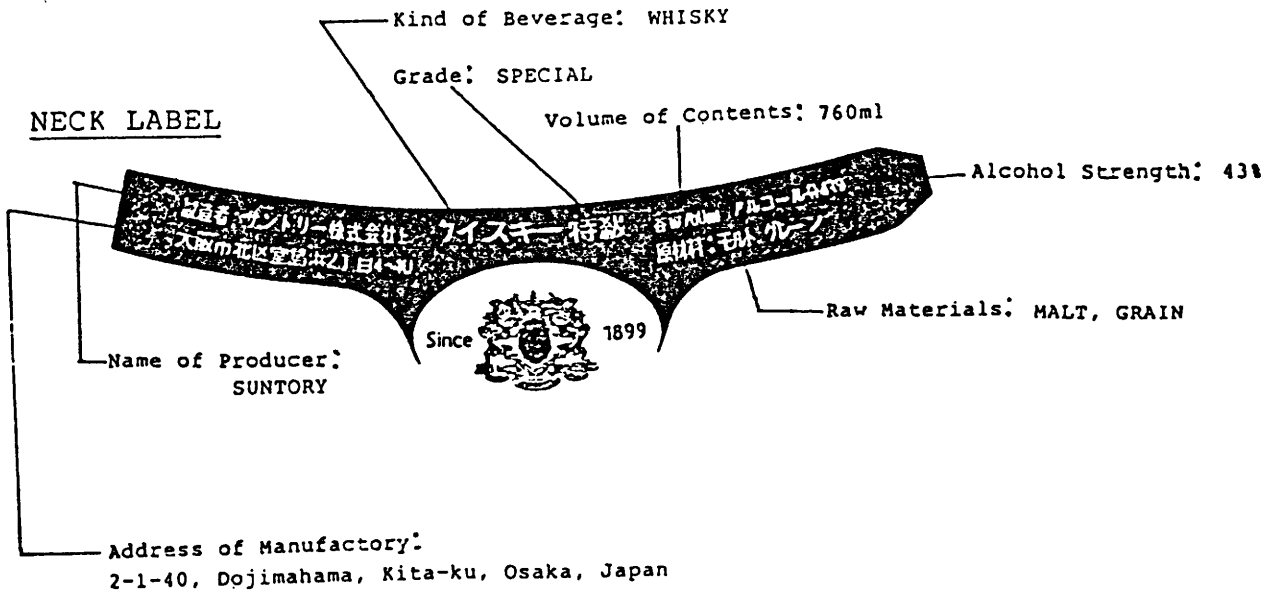
APPENDIX 7

7.2 EXAMPLES OF WHISKY LABELS

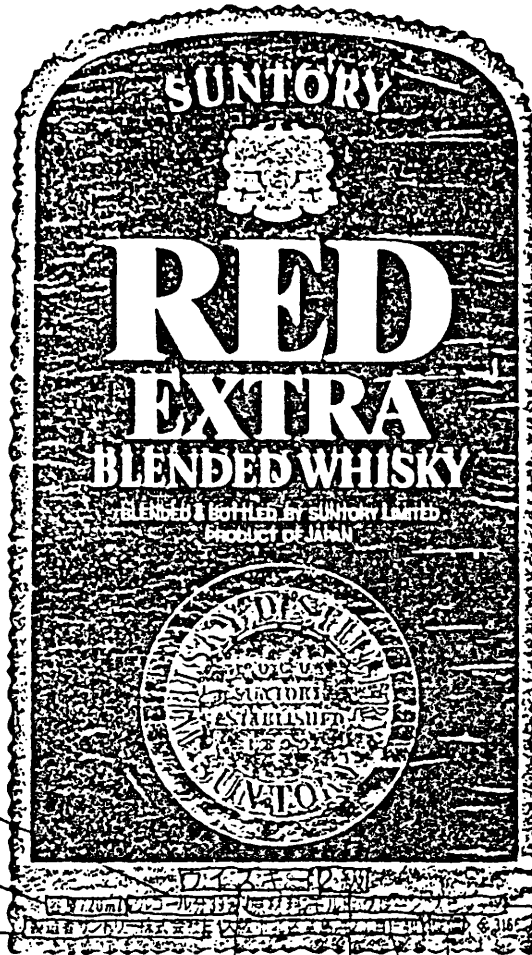
MAIN LABEL



NECK LABEL



MAIN LABEL



Alcohol Strength: 39%

Volume of Contents;
720ml

Raw Materials: MALT, GRAIN, SPIRITS

Kind of Beverage : WHISKY

Grade: SECOND

Name of Producer: SUNTORY

Address of Manufactory:
2-1-40, Dojimahama, Kita-ku,
Osaka, Japan

Ad Valorem Taxation

MAIN LABEL



Volume of Contents
720ml

Alcohol Strength:
86 proof

Address of Manufactory,
2-1-40, Dojimahama, Kita-ku,
Osaka, Japan

Kind of Beverage : WHISKY
Grade SPECIAL



Volume of Contents:
720ml

Alcohol Strength
43%

NECK LABEL

Name of Producer
SUNTORY



Raw Materials
MALT GRAIN

BACK LABEL

MAIN LABEL

SPECIAL QUALITY



SUNTORY OLD WHISKY

Product of Japan

Blended and Bottled by

SUNTORY LIMITED

THE OLDEST DISTILLERIES IN JAPAN

Volume of Contents:
760ml

760ml

55proof

Alcohol Strength:
86 proof

ウイスキー 特級

◇2365

Kind of Beverage : WHISKY

Grade : SPECIAL

NECK LABEL

Volume of Contents:
760ml

760ml

Alcohol Strength : 43%



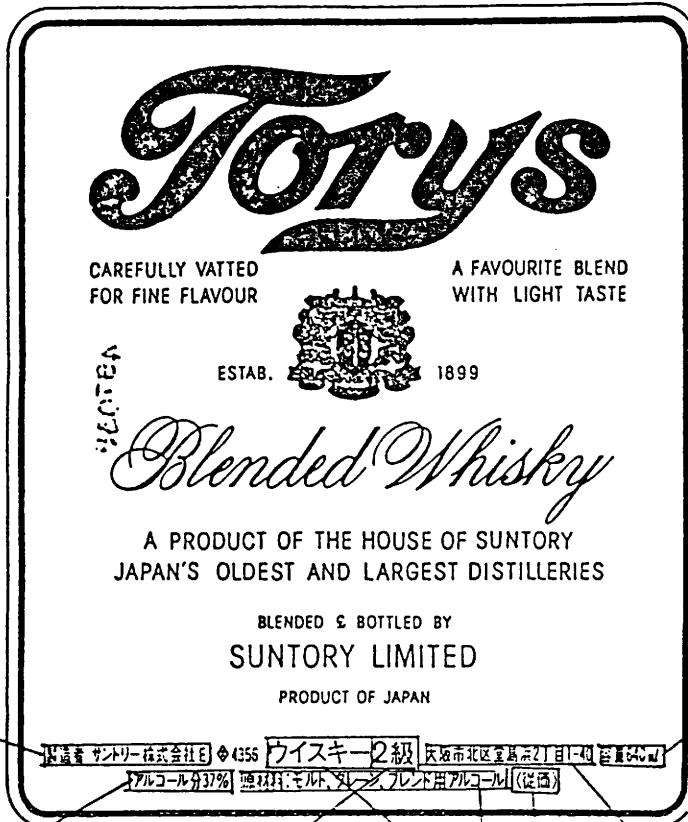
Name of Producer : SUNTORY

Raw Materials : MALT, GRAIN

Address of Manufactory :

1-40, Dojimahama, Kita-ku, Osaka, Japar

MAIN LABEL



Name of Producer:
SUNTORY

Volume of Contents:
640ml

Alcohol Strength:
37%

Kind of Beverage: WHISKY

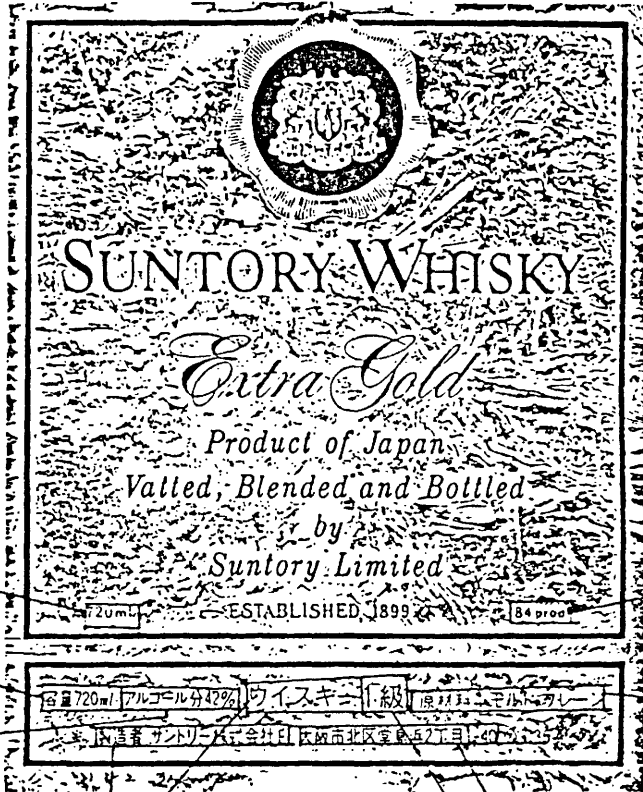
Grade: SECOND

Address of Manufactory:
2-1-40, Dojimahama, Kita-ku,
Osaka, Japan

Raw Materials: MALT, GRAIN
ALCOHOL FOR BLENDING

Ad Valorem Taxation

MAIN LABEL



Volume of Contents :
720ml

Alcohol Strength :
84 proof

Volume of Contents
720ml

Raw Materials :
MALT, GRAIN

Alcohol Strength :
42%

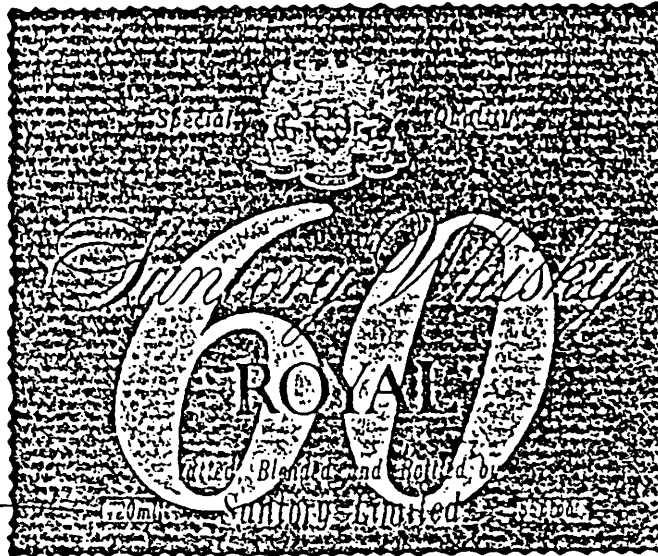
Name of Producer : SUNTORY

Kind of Beverage :
WHISKY

Address of Manufactory :
2-1-40, Dojimahama, Kita-ku, Osaka, Japan

Grade : FIRST

MAIN LABEL



Volume of Contents : 720ml

Alcohol Strength : 86 proof

Alcohol Strength : 43%

Volume of Contents : 720ml

Kind of Beverage : WHISKY

Grade : SPECIAL



Raw Materials : MALT, GRAIN

Name of Producer ; SUNTORY

NECK LABEL

Address of Manufactory : 2-1-40, Dojimahama, Kita-ku, Osaka, Japan

Ad Valorem Taxation

MAIN LABEL

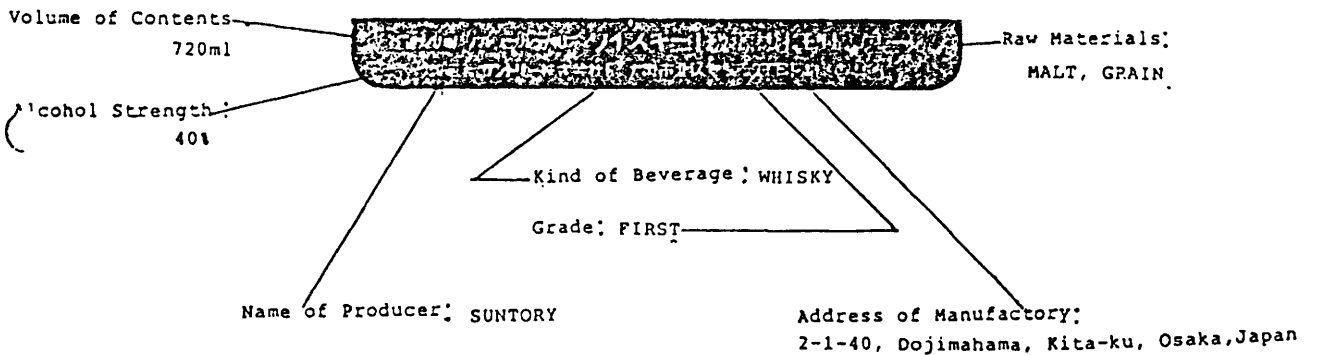
SUNTORY WHISKY

ESTABLISHED 1899



WHITE

THE OLDEST NAME
IN JAPANESE WHISKY
ORIGINATED BY THE FOUNDER
SHINJIRO TORII IN 1923
BLENDED & BOTTLED BY
SUNTORY LIMITED



APPENDIX 7

7.3 EXAMPLES OF WINE LABELS



Sainte Neige
MUSCAT
ROSE

Produced and bottled by Sainte Neige Wine Co., Ltd.



MERCIAN

CABERNET

VIN DE QUALITE EXCELLENTE

1877 *Wine* CENTENAIRE 1977

TEPE DE CUYCO

Sauraku-Coran S. A.

YAMANASHI TOKIO JAPON

DPTF





MERCIAN
SEMILLON

VIN DE QUALITE EXCELLENTE

1877

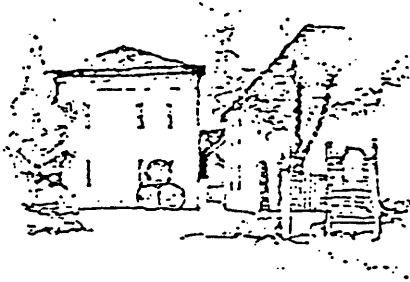
1977

Wine
TEPE DE CUYCE CENTENAIRE

Sunraku-Coran S. A.
YAMANASHI TOKIO JAPON



SUNTORY WINE

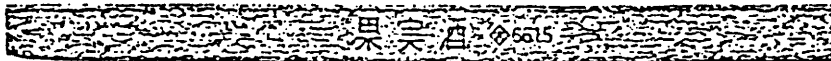


RÉSERVE

VIN ROSÉ



SÉLECTION DES MEILLEURS CRUS
MIS EN BOUTEILLES DANS NOS CAVES
MAISON FONDÉE EN 1899
SUNTORY S.A.





CHATEAU MONTCIN

GRAND VIN



RIESLING

MIS EN BOUTEILLES AU CHATEAU
LES NOMBRES DE BOUTEILLE SONT LIMITÉS

Nº 04804 SUR 7884

HAMADA VIN S.A., YONEZAWA (JAPON)

泉実酒

三三三



MISELEADING REPRESENTATIONS

APPENDIX 8

**12. MISELEADING REPRESENTATIONS CONCERNING
COUNTRY OF ORIGIN OF GOODS**
(Fair Trade Commission Notification No. 34 of October 16, 1973)

In accordance with the provisions of Section 4 (iii) of the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962), Misleading Representations Concerning Country of Origin of Goods shall be designated as follows, and shall come into effect on May 1, 1973.

**Misleading Representations Concerning
Country of Origin of Goods**

1. Representations provided for in the following paragraphs, which, when applied to domestically made goods, is found to make it difficult for general consumers to distinguish the goods as domestically made:

- (i) Representations comprising the name of a foreign country, the name of a place in a foreign country, the flag or crest of a foreign country, or any other similar representations;
- (ii) Representations comprising a name or trade mark of any foreign entrepreneur or designer; or
- (iii) Representations in which all or a principal part of the literal description is made in foreign lettering.

2. Representations provided for in the following paragraphs, which, when applied to foreign-made goods, is found to make it difficult for general consumers to distinguish the goods as made in the foreign country in question:

- (i) Representations comprising the name of any country, the name of any place in any country, any flag or crest of any country other than the country of origin of the goods, or any other similar representations;
- (ii) Representations comprising a name or trade mark of any entrepreneur or designer in any country other than the country of origin of the goods;
- (iii) Representations in which all or a principal part of the literal description is made in Japanese lettering.

Addenda:

(1) The term "the country of origin of the goods" as used in this Notification shall mean a country in which a treatment or process effecting a substantial change to the substance of the goods is performed.

(2) In those cases where it is not appropriate to indicate the origin of the goods by the name of a country, the reason being that the origin in question is generally better known by the name of the place than by the name of the country, the place of origin shall be deemed the country of origin for the purpose of this Notification.

13. ENFORCEMENT GUIDELINES FOR “MISLEADING REPRESENTATIONS CONCERNING COUNTRY OF ORIGIN OF GOODS”

(Secretary General's Circular No. 12 of October 16, 1973)

In accordance with the decision of the Fair Trade Commission, Enforcement Guidelines for “Misleading Representations concerning Country of Origin of Goods” (Fair Trade Commission Notification No. 34 of 1973) shall be established as follows.

**Enforcement Guidelines for “Misleading Representations
Concerning Country of Origin of Goods”**

1. Representations in Subsection 1 (i) and Subsection 2 (i) of the Notification include any abbreviation of a name and any common name of a country or a place, any name of an area, a map of a country and similar representations (e.g., “U.S.A.”, “IGIRISU”, “England”, “Europe”, etc.).
2. Representations which, even though they include the name of a foreign country or the name of a place in foreign country, are obviously understood as the name of a Japanese firm, shall not come under the representations prescribed in Subsection 1 (i) of the Notification (e.g., “-YA” where “-” is the name of a foreign country or the name of a place in a foreign country).
3. Representations which, include the name of a foreign country or the name of a place in a foreign country or the name of a foreign firm, etc., and which are, these names being in fact common names for goods, clearly not to imply that the country of origin of the goods in question is a foreign country, shall not come under the representations prescribed in Subsection 1 (i) or (ii) of the Notification (e.g., the following expressions when written in Japanese: “French bread”, “Russian cake”, “Boston bag”, “Hong Kong Shirt”, etc.)
4. “An entrepreneur of a country” in Subsection 1 (ii) and Subsection 2 (ii) of the Notification shall mean an entrepreneur who has his principal office in the country in question (e.g., a firm having its principal office in Japan, even though it may be a so-called ‘foreign-capital company’, shall not be considered a “foreign entrepreneur” as referred to in Subsection 1 (ii) of the Notification.).
5. Representations in Subsection 1 (i) and (ii), and Subsection 2 (i) and (ii) of the Notification shall still come under such representations regardless of whether they are made in Japanese or in foreign lettering.
6. Representations such as the followings shall not come under the representations as prescribed in Subsection 1 (iii) of the Notification:
 - (i) Representations comprising of a name or trade mark of a Japanese entrepreneur written in foreign lettering (including Romanised Japanese), which is found to be clearly distinguished by general consumers as those which are applied to domestically made goods;

- (ii) Descriptive wordings which are allowed by law to be used as descriptions for general consumers instead of Japanese (e.g., “All Wool”, “Stainless Steel”, etc.).
- (iii) Descriptive wordings which are accepted by general consumers as Japanese by virtue of general business usage (e.g., “size”, “price”, etc.); and
- (iv) Representations which comprise foreign letters, but where it is obvious that the said letters are used only as patterns, ornaments and the like, and will clearly not imply that the country of origin of the goods is a foreign country (e.g., the clippings from English-language magazines used as patterns on carrier bags).

7. Representations comprising those prescribed in paragraphs (i), (ii) and (iii) of Subsection 1 of the Notification shall not come under such misleading representations as prescribed in Subsection 1 of the Notification, if it is clearly shown that the goods are domestically made by any one of the following means (excluding the case provided for in Subsection 8 of the Guidelines):

- (i) By clearly describing the goods as “KOKUSAN” (which means ‘domestically made’), “NIPPON-SEI” (‘made in Japan’) and the like;
- (ii) By clearly describing the goods as “.....KABUSHIKI KAISHA SEIZO” [‘Made by X Co., Ltd.’], “SEIZOSHAKABUSHIKI KAISHA” [‘Manufacturer: X Co., Ltd.’] and the like;
- (iii) In the case where the name of an entrepreneur is written in foreign lettering (including Romanised Japanese), by clearly describing, in addition to the said name, the name of the factory where it includes the name of any domestic place of Japan (and where the factory’s name does not include the name of a place, by adding the name of the factory’s location);
- (iv) By describing the goods as “Made in Japan” in a conspicuous manner.

8. Where representations comprising those prescribed in paragraphs (i), (ii) and (iii) inclusive of Subsection 1 of the Notification meet the requirements stipulated in the preceding Subsection, however still leaving the country of origin of the goods misleading, such representations shall be likely to come under such misleading representations as prescribed in Subsection 1 of the Notification, unless such representations expressly describe in Japanese the relation between the name of a foreign country, etc. and the goods in question, in addition to the said descriptions under the preceding Subsection.

Note:

For example, if descriptions such as “Fabric, made in England”, “Material, imported from France”, or simply “Italy/Japan” and the like are used, further explanatory description should be added in Japanese, such as: “Made in Japan; Suit material Manufactured in England”, “Raw material imported from France; Manufactured at X Factory of Y Co.”, “Sewed at X Co.; Designed from Italy”, and the like.

9. Representations which show the country of origin in accordance with Subsection 7 and the preceding Subsection of this Guidelines should be made in the following manner:

- (i) In principle, by making further representations clearly on the media on which the representations prescribed in each of the paragraphs of Subsections 1 or 2 of the Notification are made;
- (ii) Where representations which come under the paragraphs of Subsections 1 or 2 of the Notification are made on the actual product or on the container, or on the package or on something attached to any of these (a label, a tag, etc.), representations showing the country of origin may be made on any one of these things, provided that it is made in a conspicuous manner.

10. The followings shall not be considered “a treatment or process effecting a substantial change to the substance of the goods” as prescribed in Subsection 1 of the Notification’s Addenda:

- (i) Attaching a label or marking a description on the goods;
- (ii) Packing a product in a container or wrapping it; or
- (iii) Packing a product with another product or assorting products in a simple manner; or
- (iv) The simple assembly of parts.

11. When necessary for the enforcement of the Notification, enforcement detailed guides shall be established on individual items or industries.



APPENDIX 9

DEFINITIONS OF WHISKY

APPENDIX 99.1 DEFINITIONS OF "WHISKY" IN VARIOUS COUNTRIES

1. In the United Kingdom whisky has been defined in paragraph 1 of Schedule 7 of the Finance Act 1969 (as amended by The Finance Act 1980) as follows:-
 "The expression whisky" shall mean spirits which have been distilled from a mash of cereals which has been:-
 - i) saccharified by the diastase of malt contained therein with or without other natural diastases approved for the purpose by the Commissioners, and
 - ii) fermented by the action of yeast; and
 - iii) distilled at an alcoholic strength (computed in accordance with section 2 of the Alcohol Liquor Duties Act 1979) less than 94.8 per cent in such a way that the distillate has an aroma and flavour derived from the materials used,
 and which have been matured in wooden casks in warehouse for a period of at least three years".

2. In Argentina Decree No 2,202 issued on 30th March 1966 stated with regard to production of 'nacional' whiskies

 "For the protection of the consumer, it is further necessary to specify the conditions under which a whisky so prepared may be called "whisky", such requirement being considered to be met when the nationally-produced alcohol used is aged grain alcohol and the malt whisky used constitutes not less than a specified minimum percentage;
 The requirement that a minimum proportion of national grain alcohol aged for at least two years be used in the preparation of national whisky from imported malt whisky "

3. In Australia The Standard for Spirits and Liqueurs issued by the National Health and Medical Council in October 1971 states at 2(a)
 "Whisky or Whiskey is a spirit obtained from a mash of cereal grain, saccharified by the diastase of malt, fermented by the action of yeast, distilled in such a manner that the distillate possesses the taste, aroma and characteristics generally attributed to whisky, and matured in wood for not less than two years"
 It is understood that Pure Food legislation is dealt with by State Regulations for example, the New South Wales Regulations under the Pure Food Act 1908 (as amended) defines "Whisky" in identical terms to the above.

- 4 In Canada whisky has been defined in Paragraph B.02.010 of the Regulations made under the Food and Drugs Act as :-

"Whisky shall be a potable alcoholic distillate obtained from a mash of cereal grain or cereal grain products saccharified by the diastase of malt or other natural enzymes and fermented by the action of yeast and may contain a flavouring or caramel".

Paragraph B.02.011 states

"No person shall sell whisky for consumption in Canada that has not been held and aged for a period of at least three years in small wood".

- 5 In The Gambia the Spirituous Liquor Rules define Whisky as a spirit (a) obtained by distillation from a mash of cereal grains saccharified by the diastase of malt, and (b) stored in wood for a period of three years.

- 6 In Germany whisky has been defined in Article 20 of the German Spirit Monopoly Regulation as:-

"Whisky is a grain spirit having the taste and aroma characteristic of whisky which is produced mainly from malted barley, rye and wheat".

Note: The word 'mainly' in this definition refers to the types of cereal grain which predominate. The spirit must however be distilled exclusively from cereal grain.

Also in the Begriffsbestimmungen Fur Spirituosen (Definitions for Spirits) issued by the Schutzverband Der Spirituosenindustrie on 19.1.72 Article 19: Whisky states

"1. Whisky shall mean spirits which have been distilled from a mash of cereals which have been saccharified and fermented.

4. The taste yielding elements, whether emanating from the cereal and malt or from the fermentation process, must be preserved at distillation.

7. The admixing of cereal spirit with a different kind of alcohol may not go under the denomination of "whisky" nor a denomination including the word "whisky".

- 7 In The Gilbert and Ellice Islands Under Proclamation No 8 of 1962 1st Schedule Part B, it is prohibited to import a product described as "whisky" unless it has been matured in wood for not less than three years.

- 8 In Ghana the Liquor Traffic Ordinance Cap. 219 defines Whisky as a spirit
(a) obtained by distillation from a mash of cereal grains saccharified by the diastase of malt and (b) stored in wood for a period of three years.
- 9 In Greece Article 7 of Ministerial Decree 14500/2856 of 1976 states
"1. Whisky or Whiskey is the product produced from the distillation of malted barley, corn and other cereals individually or in mixture having undergone saccharification and fermentation.
3. The distillation shall be carried out in such a manner that the extract obtained shall have the taste and flavour originating from the volatile ingredients which are physically contained in the must of cereals or which have been formed during saccharification of the must or the subsequent fermentation of this must.
4. During distillation for the production of whisky the alcoholic rate of distillation shall not exceed 95° (G.L.)
5. (a) Before distribution for consumption the whisky must sustain maturation in wooden casks for not less than 3 years".
- 10 In Guatemala Article 39 of the Law on Alcohols and Alcoholic and Fermented Beverages defines whisky as follows:
"Whisky is the alcoholic beverage obtained from the distillation of saturated barley prepared for malting and suitably fermented. "
- 11 In Hong Kong the Dutiable Commodities Regulations 1963 define Whisky as a spirit obtained by distillation from a mash of cereal grain saccharified by the diastase of malt.
- 12 In Italy, Law No 465 of 13th August 1980 amending Law No 1559 of 7.12.51 and No 385 of 13.4.76 governing the production of and trade in spirituous liquors states at Article 6
"The names ' grain spirit ' (acquavite di cereali) 'grain distillate' (distillato di cereali), 'whisky' or 'whiskey' are reserved for spirituous liquors obtained from the distillation to less than 95° ..., of grain must, saccharified with diastase of malt contained therein and fermented with yeast.
The spirituous liquors mentioned in the previous paragraph must be aged in wooden containers for more than three years under direct supervision by the excise authorities before being released for human consumption".

- 13 In Kenya The Food, Drugs and Chemical Substances (General) Regulations 1978 Part XIV Alcoholic Beverages states at section 217
"Whisky shall be a potable alcoholic distillate obtained from a mash of cereal grain or cereal grain products saccharified by a diastase of malt or other enzyme and fermented by the action of yeast and aged for a period of not less than three years in small wood; "
- 14 In Latin America Specialist delegates from seventeen Latin American countries attended a Congress held in Mexico in April 1959 and compiled the "Codigo Latino Americano de Alimentos " Article 503(7) of the Code states
"Whisky or Whiskey (Uisque) is the spirit obtained from the special distillation of a fermented mash of cereals, matured in wooden casks containing no more than 500 litres, for at least three and a half (3½) years under official control "
- 15 In Malaysia The Food and Drug Regulation issued in August 1973 states at Section 159
"(1) (a) Whisky shall be a potable alcoholic distillate obtained from a mash of cereal grain product saccharified by the diastase of malt or other natural enzyme and fermented by the action of yeast, with or without the addition of caramel"
(3) Both whisky and brandy shall be stored in wood for at least two years "
- 16 In Mauritius Section 4A of the Food and Drugs Ordinance 1940, (as amended) states
"(1) No spirit shall be imported, manufactured, offered or stored for sale or sold as Whisky unless such spirit respectively answers the following requirements, that is to say
a) In the case of Whisky, such spirit has been obtained from a mash of cereal grains saccharified by the diastase of malt".
- 17 In Morocco trade in whisky is governed by Vizirial Orders of 16th May 1916, 17th November 1928 and 29th January 1951. Under these regulations, it is prohibited to import and to sell in Morocco spirits under the appellation of Whisky other than those obtained from the distillation of must prepared by the saccharification of cereals.
- 18 In New Zealand the 1966 Customs Act (as amended in 1970) states that Whisky must be matured in wood for three years. Section 233 of the Food Regulations 1984 states at subsection (2)
"Whisky shall be spirits produced by the distillation of a fermented mash of cereals or of cereal products".

- 19 In Nigeria the 1st Schedule to the Imports Prohibition Orders 1959 and 1977 defines whisky as a spirit (a) obtained by distillation from a mash of cereal grains saccharified by the diastase of malt and (b) stored in wood for a period of three years
- 20 In Panama Article 183 of Chapter V of the Decree No 256 of 13.6.62 states at subsection 7
"Whisky or whiskey is the spirit obtained by special distillation of fermented cereal mashes which is aged in containers made of suitable wood, holding not more than 500 litres, for at least 3½ years under official supervision".
- 21 In January 1968 Food Regulations were published by the Pan American Health Organisation, part of the World Health Organisation, which were adopted by the Council of Ministers for Public Health of Central America and Panama. These regulations defined whisky at section 2 as follows
"the alcoholic beverage obtained from a distillate of grains derived from a malted mash, which has been kept for at least two years in barrels made from oak or some other suitable wood. "
- 22 In the Philippines draft standards for alcoholic beverages were published in late 1979 which stated at section 2.202:
"Whisky is an alcoholic distillate from a mash of cereal grain or cereal grain products saccharified by the diastase of malt or other natural enzymes, fermented by the action of yeast distilled at less than 74.7C and aged for at least 3 years".
Enquiries are being made to discover if this definition was given the force of law.
- 23 In Portugal Decree No 483/80 states
"Article 1 - For the purpose of this Decree Law whisky shall mean spirits with specific aroma and flavour which have been distilled from a fermented mash of cereals, saccharified by the diastase of malt contained therein with or without other natural diastases.
Article 2 -1 The spirits referred to in the preceeding Article shall meet the following requisites:
a) Be distilled at less than 95 per cent of volume at 20 degrees centigrade, in such a way that the distillate has an aroma and flavour derived from the materials used;
b) Be matured for at least three years in wooden casks

23 (Contd)

Article 3 - Before bottling it is only permitted to add to the distillate
a) pure water to reduce its alcoholic content to a minimum of 40 per cent of alcohol in volume at 20 degrees centigrade, and
b) caramel in minimal quantities required to obtain uniformity of colour of the bottled product."

24 In Sierra Leone, The Liquor Ordinances Cap 237 state whisky is a spirit
(a) obtained by distillation from a mash of cereal grains saccharified by the diastase of malt and (b) stored in wood for a period of three years.

25 In Singapore Regulations made on 28th June 1974 under The Environmental Public Health Act Chapter 155 state at section 2(p) V
"whisky shall be the alcoholic distillate obtained from a mash of cereal grain or cereal grain products saccharified by the diastase of malt or other natural enzyme and fermented by the action of yeast..."
Section 26 "Sale of Intoxicating Liquor" states
"No person shall sell, expose or offer for sale any whisky or any brandy which has not been stored in wood for a period of at least three years".

26 In South Africa whisky has been defined in Section 8(x) of the South African Wine, Spirits and Vinegar Act 1957, as follows
"Whisky means spirituous liquor of an alcoholic strength not lower than 25 degrees under proof derived from grain by fermentation and distillation, and whereof the volatile constituents other than water are derived solely from grain."
Section 13 prohibits the sale or importation of whisky unless it has been matured in wood for three years.

27 In Spain Decree Law 644 of 29th March 1973 regulated the production, movement and trade of whisky, both domestic and imported. Section 1 "Definitions" states
"Article 2 Whisky. Whisky is a compound spirit obtained by the mixing of a malt liquor and a distillate of cereals, previously aged separately in oak containers ...
Article 3 Malt Liquor. Malt liquor is that wholly obtained by distillation of the fermented juices of malted barley.
Article 4 Distillate of cereals. The distillate of cereals is the alcohol obtained by the distillation of the fermented juices of cereals.
Section 2 "Manufacturing Processes".
Article 8 Ageing. Both the distillate from the cereals and the malt liquor will be subject to a process of ageing in the storeroom where they mature for a minimum of 4 years, in oak barrels only.

- 28 In Surinam the Law on Import Duties states that "Whisky is obtained from a mash of one kind of cereal grain or cereal grain mixtures (rye, malt and mixtures)."
- 29 In Switzerland whisky has been defined in Article 393M of the "Ordonnance reglant le commerce des denrees alimentaires et de divers objets usuels" as "Whisky is a distillate of a fermented mash of cereals (chiefly barley, rye or maize). It is distinguished by a characteristic taste which is limited by the types of raw materials and treatments and processes given to them (above all in Scotch Whisky by a light smokiness). Whisky of each type must be accompanied on importation by a certificate of origin and an official attestation from the country of origin in which a minimum period of maturation of three years is certified. Whisky may only be brought into the trade under the name of its country of origin".
- 30 In the United States whisky has been defined in Regulation No 5, Title 27 of the Federal Regulations relating to the standards of identity for distilled spirits as follows:-
 "Whisky is an alcoholic distillate from a fermented mash of grain distilled at less than 190 degrees proof in such a manner that the distillate possesses the taste, aroma and characteristics generally attributed to whisky....."
- 31 In Zambia section 65 of The Food and Drug Regulations of 1976 state
 "Whisky shall be a potable alcoholic distillate obtained from a mash of cereal grain or cereal grain products saccharified by the diastase of malt or other natural enzyme and fermented by the action of yeast and aged not less than 3 years..."
- 32 In The European Economic Community presently comprising the UK, France, Ireland, West Germany, The Netherlands, Belgium, Luxemburg, Denmark, Italy and Greece, the Commission has recently laid before the Council of Ministers its proposals for inter alia the definition of "Whisky".
 Article 1 Section 2b states
 "Whisky or Whiskey: a spirituous beverage produced by the distillation of a mash of cereals
- saccharified by the diastase of the malt contained in it, with or without other added natural diastases
 - fermented by the action of yeast
 - distilled at less than 94.8% vol so that the distillate has an aroma and flavour derived from the raw materials used, and matured for at least three years in wooden casks holding less than 700 l.

The preamble to the Draft Proposal explains the reasons for maintaining the integrity of traditional product classifications viz:

Consumers inside and outside the Community associate a particular designation with a certain quality standard and there is no justification for presenting different products under the same name in the future. The traditional names should therefore be reserved for products obtained by traditional processes. This concept is particularly important at a time when, as a result of unintentional or even deliberate laxity on the part of certain legislators, produce is being sold on the world market and even, to some extent, on the Community market, under reputable designations even though it has not undergone all the manufacturing processes on which their reputation has always been based.

It is for this reason that one of the chief features of the proposed harmonization is the principle that certain names cannot be devalued and should be reserved for products of a certain quality normally and traditionally expected by consumers. In this way the consumer will not be deceived.

X X X X X

Thus, the criterion concerning the exclusive use of certain raw materials has been adopted for wine spirits, fruit spirits, whisky and whiskey, rum and a number of other products as a means of protecting the specific nature of each of these beverages. The fact that the taste of almost all the traditional beverages can now be reproduced by cleverly concocted artificial blends should only reinforce the desire to protect the consumer against such manoeuvres.

Similarly, and for the same reasons, the principle of laying down a maximum degree of distillation has been adopted in certain cases. In this way the consumer can be sure that the distinctive taste is indeed derived from the raw material used and not from some subsequent artificial flavouring.

The processes which are an essential part of the manufacturing cycle, such as maturation for certain spirituous beverages, especially whiskies, constitute a more sensitive issue. Nowadays all traditional whisky or whiskey producers, whether in Scotland, Ireland, Canada or the USA, observe a minimum maturation period before the whisky is released for human consumption. This is because the maturation process allows certain chemical reactions to develop which help to form the fundamental bouquet of the product either by eliminating certain substances or by producing others.

It is only the more recent producers who fail to comply with this obligation to mature whiskies. Certain products (e.g. Japanese) are not matured in their entirety, despite being marketed as "whisky". To obtain a product which still has a bouquet similar to that of traditional whisky, these producers of non-matured whisky release for consumption a mixture containing a variable but low proportion of genuine matured whisky diluted in the main with grain alcohol. This relatively recent practice demonstrates, if there is any need to do so, that it is the matured part of the blend which contains the taste which the alcohol alone cannot provide. Such practices are likely to mislead or even deceive the consumer even when there is nothing wrong with the labelling.

Generally speaking, the consumer takes the word "whisky" (or "whiskey") to mean a product which has matured in a cask for a certain period in order to acquire the taste which he associates with that product. If, on the other hand, he is sold a product containing, for instance, only 20% of matured alcohol, the rest being made up of alcohol (possibly grain alcohol), which has been produced in such a way as to remove the basic material's inherent impurities by means of the distillation process used rather than by maturing, the name "whisky" is well and truly devalued in this case. Hence the Community proposal to restore its original value and accept as whisky only products which are 100% matured.

X X X X X

Naturally, it would be possible to inform the consumer of changes in the composition of products by adding specific information to the label. It would, for example, be possible to mention on the label, in some form or other, the various types of dilution referred to above (with alcohol or water). But although fairly recently laws have been adopted to encourage greater detail when labelling, it is likely that the consumer, who is not yet accustomed to receiving such information, will continue to attach greater importance to certain items of information than to others for some time to come.

Apart from making the label too fussy, giving this additional information the same prominence as the name under which the product is sold would probably influence the consumer's choice in the same way as the proposed measures, but it would have the major drawback of detracting from the trade description itself, and this should be avoided.

The following consideration, which applies more or less exclusively to the beverages sector, is equally significant: beverages, especially alcoholic beverages, often reach the consumer not via retail sales in specialized shops, supermarkets etc. but in bars, restaurants, hotels, clubs etc. where they are sold by the glass.

In some Member States this form of distribution accounts for well over one-half of total sales and at any rate a significant proportion thereof throughout the Community, depending on the product.

Accordingly, any attempt to safeguard the consumer against misleading generic ascriptions which is based on labelling would lose much if not all its effectiveness.

APPENDIX 99.2 WHISKY - SOME OVERSEAS DEFINITIONS AND DIFFERENCESWhat is the legal definition of Scotch Whisky?

Scotch Whisky has been defined in law since 1909. The definition is to be found in the Finance Act 1969, Schedule 7, paragraph 1. This was amended in 1979 and 1980 to take account of the introduction of the system of alcoholic strength measurement recommended by the International Organisation of Legal Metrology and the requirement that maturation must take place in Scotland. Current British legislation states that:

- (a) the expression 'whisky' or 'whiskey' shall mean spirits which have been distilled from a mash of cereals which have been -
 - (i) saccharified by the diastase of malt contained therein with or without other natural diastases approved for the purpose by the Commissioners; and
 - (ii) fermented by the action of yeast; and
 - (iii) distilled at an alcoholic strength (computed in accordance with section 2 of the Alcoholic Liquor Duties Act 1979) less than 94.8% in such a way that the distillate has an aroma and flavour derived from the materials used, and which have been matured in wooden casks in warehouse for a period of at least three years.
- (b) the expression 'Scotch Whisky' shall mean whisky which has been distilled and matured in Scotland and the expression 'Irish Whisky' shall mean whisky which has been distilled and matured in the Republic of Ireland or in Northern Ireland or partly in one and partly in the other;
- (c) the expression 'blended whisky', 'blended Scotch Whisky' or 'blended Irish Whiskey' shall mean a blend of a number of distillates each of which separately is entitled to the description whisky, whiskey, Scotch Whisky or Irish Whiskey as the case may be.
- (d) the period for which any blended whisky, blended whiskey, blended Scotch Whisky or blended Irish Whiskey shall be treated as having been matured shall be taken to be that applicable in the case of the most recently distilled of the spirits contained in the blend.

Source: Scotch Whisky Association, 1983

What is the difference between Scotch, Irish, Rye and Bourbon Whiskies?

The terms Scotch and Irish when applied to whisky are purely geographical. Scotch Whisky means whisky distilled and matured in Scotland and Irish Whiskey means whiskey distilled and matured in Ireland. Whisky is distilled in Scotland from malted barley in Pot Stills and from malted and unmalted barley or other cereals in Patent Stills.

The well-known brands of Scotch Whisky are blends of a number of Pot Still and Patent Still whiskies. Irish Whiskey distillers tend to favour three distillations rather than two as is general in Scotland in the case of Pot Still whiskies and the range of cereals used is wider.

As regards Bourbon Whiskey, the United States Regulations provide:

- (i) that Bourbon Whiskey must be produced from a mash of not less than 51% corn grain.
- (ii) that the word 'Bourbon' shall not be used to describe any whiskey or whiskey-based distilled spirits not produced in the United States.'

Rye Whiskey is produced both in the United States and Canada but the name has no geographical significance. In the United States, Rye Whiskey by definition must be produced from a grain mash of which not less than 51% is rye grain. In Canada, there is no similar restriction. The relevant Canadian Regulation states:

'Canadian Whisky (Canadian Rye Whisky, Rye Whisky) shall be whisky distilled in Canada, and shall possess the aroma, taste and character generally attributed to Canadian Whisky.'

Canadian Whisky is in fact often referred to simply as Rye Whisky or Rye.

Source: Scotch Whisky Association 1983

Whisky or whiskey

A spirituous beverage produced by distillation of a mash of cereals.

- saccharified by the diastase of the malt contained therein, with or without other added natural diastases;
- fermented by the action of yeast;
- distilled at less than 94.8% vol. so that the distillate has an aroma and flavour derived from the raw materials used, aged for at least three years in wooden casks holding less than 700 l.

Source: Official Journal of the European Communities
No.C 189/9, 23 July, 1982.

Note: This is only a proposal, not yet accepted.

APPENDIX 99.3 NOTES ON THE DEFINITION OF WHISKY IN JAPAN

(Provided to the Consultants by a trade source in Japan)

1. Ingredient Listing Requirements

There are no rules, only voluntary standards drawn up for domestic whiskies, by the Japan Spirits and Liquor Producers Association and for Scotch and other imported whiskies, by the Japan Wines and Spirits Importers Association. The FTC simply "recognises" the standards. Neither set of standards requires that detailed ingredients and blends be revealed. Both say that the following words shall be listed under the heading "Ingredients" if the elements concerned determine the character of the whisky:

"Malt"	-	if malted barley whisky is present
"Grain"	-	if grain whisky is present
"Blending alcohol"	-	if other alcohols, <u>apart from any derived from grain</u> , are present
"Spirits"	-	- " -
"Shochu"	-	- " -
"Sherry"	-	if more than a certain minimum percentage is present
"Caramel"	-	- " -
"Synthetic flavouring and colouring agents"	-	if present at all

The problem with these standards is that they allow both domestic and imported whiskies to be labelled in very misleading ways. This is best illustrated by the example of Suntory's first grade brands. All of them are marked with the words "malt" and "grain" and nothing else. The Liquor Tax Law says however that if the alcohol in a whisky is more than 27% malt and/or grain whisky then the brand is a special grade one (and therefore subject to much higher rates of tax). These Suntory first grades therefore must contain at least 73% of alcohol that is neither malt nor grain as defined above, and yet blending alcohol is not being listed as an ingredient.

It is difficult to establish exactly how or why this very selective labelling is allowed. It may be that the standards are simply un-enforceable, since the question of whether the additional alcohol "determines the character of the whisky" is a judgemental one.

Or the additional alcohol may be "derived from grain" and not therefore required to be listed. There is great ambiguity on this point since the same word "kokurui" can be taken in the sense of "grain" or "cereal". The additional alcohol is clearly not being distilled from cereal grain in any way which would qualify it as "grain whisky" (or, if it is, Suntory are presumably denying it

to the tax authorities) since if it were the brand would be special grade not first grade. But perhaps it is being distilled in some way from an ungerminated cereal such as rice which technically removes the need for listing. In practice only two of Suntory's second grade brands (Torys and Red) list blending alcohol/spirits as an ingredient.

2. Definition of Whisky (Article 3(9) (a-c) Liquor Tax Law)

The law sets out the following ways in which a liquor can qualify to be called whisky:

- (a) if the basic material is germinated grain and water, saccharified and fermented to make an alcoholic substance and then distilled;
- (b) if the product is distilled from an alcoholic substance made from germinated grain and other materials, provided that if the alcoholic substance is made from a mixture of materials containing germinated grain and fruits, the weight of the germinated grain is greater than the weight of the fruits; and that the weight of germinated grain is not less than 20% of the weight of all the materials (excluding water); and that the final product is less than 94°;
- (c) if the product is one in which pure alcohol, spirits, shochu, flavouring, colouring and water are added to the product as defined in a) or b) and whose flavour, colour and other characteristics are similar to those of products as defined in a) or b).

Definition a) seems to be similar to the Scotch definitions of malt and grain except that there is no maturation requirement. Basically, the Scotch definition of malt (but not of grain) specifies malted barley and not just malted "grains". The definition of malt in the FTC-recognised industry ingredient listing standards specifies barley as opposed to grain and this appears to be the accepted domestic industry definition. We know in any case from the scale of their bulk malt imports from Scotland that much of the malt content in Suntory is in fact genuine Scotch malt.

However, any doubts about definition a) are rendered academic by the much less demanding definition b) and by the lowest common denominator of all c). These last two definitions allow liquors containing only miniscule amounts of malt or grain whisky to be called whisky.

APPENDIX 10Names of Organisations and PersonsInterviewed During Stage 1 of the StudyIn JapanGovernment Sector

British Embassy :	J.W. Hodge D. Cockerham
E.C. Delegation :	W. Pape
French Embassy :	J. Torregrossa L. Dubois
Embassy of the Fed. Republic of Germany :	E. Schmauz
Irish Export Board :	F. Cluskey
Italian Embassy :	R. Palmieri
Italian Trade Commission :	M. Buonacore

Private Sector

A.S.I. Market Research :	W. Hall
Barclay & Co. Inc. :	N. Yamazaki
Caldbeck K.K. :	R.G.S. Cole
C.M.A. :	J. Steil
Dodwell & Co. Ltd. :	S. Ohashi
J.M.R.B. :	M. Noda
Jardine Matheson & Co. (Japan) Ltd. :	M.F. Bedingham
Macadam & Brown :	D. Brown
Marplan Japan :	R.J. Wilk
Mitsubishi Corp. :	Y. Shoji
Montedison :	A. Yamazaki
Pieroth Japan K.K. :	G. Kintzel
Sanraku Remy K.K. :	J.P. de Portu
SSC & B Lintas :	N. Strandberg C. Reynolds
Scotch Whisky Information Centre :	B. Williams H. Mikame
Tokyo Aoyama Law Office :	J-F Bretonniere
Toyo Menka Kaisha :	J. Kinukawa

In Europe

Commission of the
European Communities

M.F. Fotiadis, DĠ IV/E
R. Coleman, DG III
H. Maurel, DG IV

France

C.F.C.E. : M. Berger
Federation National des
Exportateurs : M. Peigne/Mme. Darrigo
Bouchard : Mme. Ravire
Courvoisier : M. Bernard
Cruse : M. Dost
Grand Marnier : M. Lion
Hennessy : (Export Manager)
Moet et Chandon : M. Pozzo di Borgo
Nicolas : Mlle. Trochet
Pernod Ricard : M. Ross
Remy Martin : M. Litout
St. Rafael : M. de Luppe

United Kingdom

Distillers Co., P.L.C. : N. Kirke
Justerini & Brooks Ltd. : J. Bruxner
McDonald Greenlees Ltd. : I. Ross
Scotch Whisky Association : Col. W. Bewsher
T. Jackson
Seagram Distillers Ltd. : A. McDonald
U.K. Dept. of Trade and
Industry : A. Dunning
UK. Ministry of Agriculture
Fisheries and Food : G.E. Myers, CMG
John Walker & Sons : D.A. Connell
P.C/E. Gillon
White Horse Distillers : S.T.C. Hanbury

West Germany

Deinhard & Co.
Julius Keyser GmbH
Rudolf Muller GmbH
Pieroth Gruppe
Zentralkellerei Badischer Winzergenossenschaften e.G.
Zentralkellerei Mosel-Saar-Ruwer e.G.

Greece

Metaxa

Achaia Clauss Wine Co.

Ireland

Irish Export Board : A. McCarthy

Irish Distillers : various

Italy

Riunite

(Note: 5 other companies contacted but declined to give interview)

Stage 2 Interviews

During Stage 2, interviews were held in Japan with:

- a cross-section of Japanese manufacturers, importers, wholesalers and retailers of alcoholic beverages
- Fair Trade Commission
- Consumers Union of Japan (Nihon Shohisha Renmei)
- Japan Federation of Co-operative Union (Nihon Seihatsu Kyodo Kumiai Rengokai)

Some Notes on Beer

As indicated in Part A of this report, it has been agreed that beer should not be the subject of any significant study in this project.

However, for the sake of completeness, some data on beer imports has been gathered and discussions have been held with members of the Liquor Committee on the subject.

Some statistics on domestic beer production and beer imports are given in Appendix 1, Tables 1.1, 1.2 and 1.30. The key facts are that:

- In volume, domestic beer dominates the total liquor market (65% of total liquor consumption)
- Beer represents 8% of total liquor imports by volume but only 3% by value
- Beer imports doubled between 1979 and 1983 but dropped back almost to the 1979 level in 1984
- On a per country basis, the main build up to 1983 was U.S. beer (largely Budweiser) but U.S. volume dropped to 1/3 in 1984 as local manufacture of Budweiser by Suntory commenced under license.
- EC countries, mainly Germany, France and Denmark, secured some 40% by volume of 1984 beer imports. In value terms this would be about 1% of total liquor imports.

The views expressed on the subject of beer from Europe can be summarised as follows:

- The key requirement for volume beer sales is mass distribution, to be obtained in Japan by joining forces with the domestic brewers who dominate the channels. The scope is thus limited by the fact that the four local beer companies are all committed already to specific overseas brands. The following have licensing arrangements for local manufacture:
 - . Budweiser with Suntory
 - . Heinecken with Kirin
 - . Lowenbrau with Asahi

In addition to these licensing arrangements, Suntory also handle imports of Tuborg while Sapporo imports Millers and has a joint venture handling imported Guinness.

- The opportunity for volume sales of beer imports is also said to be limited by the economics of shipping bulky, low cost product.
- Within these limits, some modest market opportunities do exist which the major European brewers are alive to and following up.
- On the regulatory side, beer imports are not regarded as handicapped. Liquor tax on beer is relatively heavy, particularly in relation to volume of alcohol but this affects local as much as imported beers; and it is also the major contributor to total fiscal revenues from liquor.
- In consequence traders do not feel there are any significant issues of public policy affecting beer imports or any areas where European action could be taken to strengthen their position.