The Sustainable Promotion Policy of the Wine Industry in Hokkaido Japan

Natsuki Watanabe, Sapporo University, Japan
Musha, Sapporo University, Japan
Takao Iida, Sapporo University, Japan
Akira Kato, Hokkaido University of Education Hakodate, Japan

ABSTRACT

The wine consumed in Japan is mainly imported. The quantity in fiscal year (FY) 2008 was 163,000 kl. Many of the imported wines came from Europe, the United States, Australia, New Zealand, Chile, Argentina, South Africa, etc. However, wine is also manufactured in Japan. Japan’s wine manufacture in FY 2008 was 97,639kl; ranked by prefecture, that was Yamanashi Prefecture 22,979kl, Kanagawa 2,2691kl, Tochigi 10,228kl, Okayama 4,736kl, Nagano 3,443kl, and Hokkaido 2,356kl (figures for FY 2009.)

Koshu wine from Yamanashi Prefecture near Tokyo, where the wine industry is 88 years old, is of top quality and produced in the largest quantity.

Hakodate Wine (Hakodate Wine Company) is 38 years old and is the oldest in Hokkaido. The quality of most Hokkaido wine is table wine with a short aging period, except wines from two or three wineries that are accepted in the world wine market. The present industry has few excellent wines that can become valuable vintages of added value when aged for a sufficient period. Much was expected of Hokkaido as a winery location because of its soil and climate, which are relatively suitable for the production of grapes, and the few companies that were operating 20 years ago have increased to 17 companies in recent years.

The present state of the industry is such that the quantity of production and volume of sales are largely in table wine, with a cheap unit price typically around $10 (1US$=\100).

At first, it is necessary to consider a suitable financial structure for the wine manufacturing companies to produce a high added-value product line. Moreover, we consider the deviation of the ripple effect by the industrial structure of the area, where multipliers are 0.57 of agricultural output; 0.52 of foods; 0.89 of engineering works, construction, and the financial service section; 1.02 of public service,
and so on. This industry becomes 0.57 with low influencing magnification. It is necessary to consider the measures that can contribute to the regional economy.

The simulation of an economic ripple effect and the employment effect was performed for the four following policies using a Hokkaido Input-Output Table in 33 Sections.

Policy 1: Most wine from Hokkaido is dessert wine with a short maturation period, and the unit price is on the order of $10, and its selling price also is low. Home sales of wines matured for one year are priced at $25; this constitutes 10% of the present quantity of wine production.

Policy 2: We assumed that a wine manufacturing company turns 30% of its material cost and 30% of its personnel expenses to soil improvement expenses independently of the assumption in Policy 3. This should improve the soil and produce a quality grape suitable for wine. Thus, Policy 2 prepares conditions so that good wine can be manufactured.

Policy 3: In Policy 2, the government assists through financial institutions by converting 30% of material costs into soil improvement expenses. The financial institution examines whether a wine company and a winery can receive a subsidy and contracts with the enforcement supervisor in a subsidiary enterprise. The company can receive 30% of the amount of the subsidy from the government as a commission. The consultancy firm specified by the financial institution takes over the enforcement supervisor’s business, and 10% of the sales of the financial institution serve as an acceptance commission.

Policy 4: In Policy 3, Organic wine to 30% of the amount of wine production

Results are shown in follows,

(1) Policies 1 & 2: A simple wine production increase measure does not exert an efficient magnification influence. The reason is an industrial structure that is peculiar to Hokkaido and consists of low multipliers of the agricultural cultivation section 0.57;

(2) Policy 3: Although the training measure of the sixth industry is important, even if each wine company and a winery put a restaurant and a hotel side by side, the magnification influence does not become so high;

(3) It is very important that the measure to which industrial structure is changed so that the magnification influence, such as the agricultural and food-processing sectors, may increase.

(4) Policy 4: Organic wine production is effective for employment effects (created new jobs).

(5) The Hokkaido area need to the Six industry (Primary industry×Secondary manufacturing×Tertiary industry).