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Novel conditions or just new paths for re-territorialization through Geographical Indication: Case study of Yamanashi wine GI in Japan

Stéphane FOURNIER, Hart N. FEUER, Aaron J. KINGSBURY, Kae SEKINE¹

Abstract – The grape wine sector in Japan is evolving toward more refined production and consumption patterns typical of global norms. Recent efforts in this direction to create internationally comparable geographical indications (GIs) in Japan have had to confront historical idiosyncrasies, including the economic dominance of table grapes and uncertain relations between grape growers and wineries. The managing institution of the GI, which is skewed toward corporate wineries, is a reflection of such local production patterns. Nevertheless, within these restrictions, a local innovative dynamic has emerged, valorizing local, high-quality grape producers and gathering interest around export and wine tourism. It is less clear if this dynamic can overcome institutional barriers built into the management structure in a sustainable way.

Keywords – wine, Japan, territorial development

INTRODUCTION

Beyond their potential role in marketing and the development of supply chains, GIs offer the possibility to unify territories. Repeated interactions between local actors with a common dependency on a shared resource (*i.e.*, the geographical name under which the product is sold and the associated reputation) have the capacity to facilitate place-based development through increases in social capital and innovative capacity. The optimal conditions for the establishment and success of GIs are well understood from past analyses and include: robust social structure, well-defined product specificity, fair representation of the different stakeholders within the GI managing group, and the ability to follow rules (Fournier *et al.*, 2018).

Considering the synergies between these factors, we argue that, even if they are not all achieved at the beginning of the qualification process, they may be created during it. To this end, we highlight the facilitating role of a GI's framing, but also the (unpredictable) constraints it may represent.

History of wine in Japan and Yamanashi

The most traditional alcoholic beverage made from grapes in Japan is "budo-shu", a simple and precisely controlled fermentation of grapes. Wine production following global norms developed since the

Meiji era (mid-19th century), although it primarily relied on imported concentrated grape juice as raw material.

A health-focused "wine boom" from 1998 encouraged Japanese consumers to become more discerning, which led to increasing imports but also to interest in domestic wine production made from local grapes. The rising value of grapes for wine created a dilemma for historical grape production regions such as Yamanashi Prefecture, which had primarily focused on the lucrative table grape sector. Leading the way in the late 1990s and 2000s, corporate wineries arose with the objective of developing local wine grape production while maintaining the profitable production of wine from imported grape juice. Smaller local wineries have accompanied this movement. This study analyzes the GI development of the wine industry of Yamanashi Prefecture, Japan through its registration of the Yamanashi wine GI.

METHODS

The methods included semi-structured interviews (with interview guides) and qualitative analysis. The data collection in Yamanashi Prefecture was carried out in June and July 2019. Interviews were conducted with wineries, the GI managing group, public authorities, and other researchers. Several interviews with resource persons have also been conducted before and since this field study.

RESULTS

The struggle for inclusivity in the Yamanashi wine GI
From 1995 to 2020, the Japanese National Tax Agency (NTA) registered 11 place-of-origin alcohols as GIs. Among them, the Yamanashi wine GI, registered in 2013, was the first Japanese GI². The registration was initiated by the Yamanashi Prefecture Wine Manufacturers' Association led by Mercian (a local winery owned by multinational beverage corporation Kirin Holdings), and now managed by Suntory, another multinational company. As one consequence, the institutional capacity for managing the Yamanashi wine GI, which was facilitated extensively by public

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² The Hokkaido wine, Yamagata wine, Osaka wine and Nagano wine GIs followed from 2018 to 2021.

authorities, has since come to favor wineries, particularly large ones, over grape producers.

In other respects, the Yamanashi wine GI has been shaped to be very open. Initially, there were difficulties achieving a consensus due to the heterogeneity of wineries' techniques and inconsistent recognition of the Yamanashi wine sensorial profile, which owes to the relative youth of the modern wine sector. Wineries were still experimenting with a wide variety of grape varieties and production techniques. To accommodate this, the Association members readily accepted the advice of the government, which wanted to develop "inclusive" GIs based on permissive specifications and broad regions rather than small terroirs (Feuer, 2019). The specifications include a wide range of grape varieties, minimal guidelines for technical aspects, and a large geographical area (see Table 1 for the main elements).

Table 1 Main elements of GI Yamanashi Wine Specifications

Origin of Grapes	100% Yamanashi Prefecture
Varieties of Grapes	42 varieties, including hybrids
Sugar adding	Allowed: 10g/100ml for Koshu, 6g/100ml for Vinifera, 8g/100ml for other varieties
Production area	Entire Yamanashi Prefecture
Specificity	Organoleptic: Well-balanced wine with clear tastes and aromas Chemical: Alcohol 8.5-20.0%

Source: National Tax Agency of Japan

A downstream-driven GI

The wineries did not seek to include the grape growers in the GI, but neither did the grape growers initially seek to participate. To a large extent, the disinterest of grape producers is related to their disproportionate focus on the extremely profitable table grape sector and an entrenched marketing context³. As in other processed agri-food cases (Sekine, 2019), wine production (and the GI specifically) is driven the downstream actors in the supply chain, who are left the challenge of establishing contracts with farmers.

A new context and new opportunities

Initially, this GI did not seem to meet the conditions for success posited in the literature (Fournier *et al.*, 2018). However, a new context emerged in the previous decade favourable for wine development. In 2018, the law on "Japanese wines" came into force, requiring grapes of Japanese origin to comprise 100% to qualify for the label. This illuminated the wine market in Japan by alerting consumers to the prevalence of "non-Japanese" wine. The two registered GIs benefited from this movement, which had reinforced a quality turn already underway for several years.

The wineries of Yamanashi have gradually sought to increase the share of GI wine in their overall production (which remained below 50% during the first years of the GI) by building a narrative around Yamanashi wine (Kingsbury, 2021). Another goal of the Association's 80-member wineries has been to improve the access to international markets. Looking to differentiate, wineries have sought to obtain more and

more local grapes, which led them to offer increasingly advantageous contracts to grape growers, who have long been considered by wineries as substitutable suppliers of commodities. Some of these producers are shifting from the production of table grapes to meet this new demand.

New forms of horizontal cooperation are also apparent between these wineries and with the smaller winegrowers, notably for technical exchange. In turn, Yamanashi grape producers have developed new innovative capacities in producing grape varieties more suitable for winemaking. Finally, agri-tourism and wine festivals have become commonplace in the region, which benefits from its proximity to Tokyo.

DISCUSSION

Although the institutional management of the Yamanashi wine GI is dominated by corporate actors and marginalizes grape growers, the "GI frame" and a globally favorable market for Japanese wines have created a local innovation dynamic, in which peripheral local actors (such as grape growers) have come to occupy strategic positions in the value chain. By requiring 100% local sourcing for wineries, it has started a process of relocalization and has pushed wineries to review their relationships with their suppliers in terms of loyalty and quality. Wine tourism and a rising export market have created a common banner of territorial development that producers and wineries rally behind, even as brand strategies remain dominant.

However, since the "GI frame" does not require farmers to be represented in the management group in Japan, it cannot guarantee that power relations, which are skewed in favor of wineries, will be remedied (Sekine, 2019). Moreover, it creates rigidities in terms of geographical scale, potentially blocking future differentiation into a genuine terroir product.

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³ Some varieties of table grape can be sold up to 30 USD/kg.