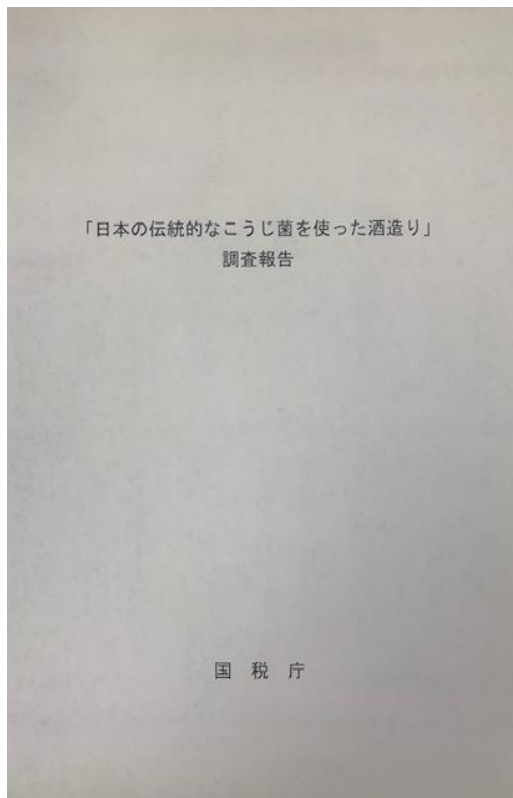


Canada and Japanese Sake

First – The History of Japanese Sake

This time, the topic is Canada and Japanese sake.

First, let's talk about sake. The research report "Japan's traditional sake brewing using Koji mold" released by the National Tax Agency in July 2021 is very interesting. According to this research report, the origin of sake in the Japanese archipelago is estimated to go back around 6,000 years. The basis for this is the existence of fruit wine from the seeds of wild grapes that remained at the bottom of earthenware vessels excavated from ruins from the middle of the Jomon period.



(The National Tax Agency Report)

In terms of sake made from rice, the staple food of the Japanese people, it is believed that its origins date from around the late Jomon period to the early Yayoi period, when wet rice-paddy cultivation techniques were introduced from mainland China. At that time, it was called "Kuchikami-sake" (which literally means "chewed alcohol"). When you chew rice, amylase in your mouth converts starch into sugar. It seems that rice and alcohol were offered before the

gods during festivals. In the "Gishiwaajinden", it is said that the ancient Japanese people "enjoyed drinking," and it is written that at funerals, "the chief mourner is crying, but the people around him are drinking alcohol lively."

Around the 4th century, the technique of using koji mold was established. Around the 5th century, there is a mention of 'sumisake' (refined sake) in the "Harimanokuni Fudoki." Then, during the Heian period, the division called Miki no Tsukasa was established in the Imperial Court and they began producing sake for events. During the Muromachi period, hundreds of small-scale liquor stores opened in Kyoto. In addition, the monks of various temples led the way in sake brewing techniques. Furthermore, as time passed, the techniques for producing sake of stable quality progressed.

By the middle of the Edo period, at the time of the fifth shogun Tokugawa Ietsuna, known for his edict of mercy on living creatures, the "three-stage preparation" had spread, and the sake brewing industry, which was based on the chief brewer system, had become a corporate entity. Sake production was established in almost the same style as today.

As you can see, alcohol is part of Japanese history, or even Japanese culture itself. It is an essential element in daily life. Therefore, various systems were prescribed. Taxation was also an important factor. In 1875, various systems from the shogunate era were abolished, and liquor tax regulations were established, resulting in two taxes: business tax and brewing tax. In 1904, the National Research Institute of Brewing was established, and scientific knowledge was accumulated. Various systems have been developed and modernized in response to changes in the times and advances in technology, leading to the present day.

Aiming for the world market - Intangible cultural heritage - Export target of 5 trillion yen in 2030

Sake, developed over a long history, was traditionally consumed primarily within Japan. However, the reality is that domestic consumption has shown little growth. On the other hand, with Japan's presence in the international community and the progress of globalization, appreciation and interest in Japanese food and sake has increased.

In particular, on December 4, 2013, "Washoku, traditional dietary cultures of the Japanese" was registered on the UNESCO list of Intangible Cultural Heritage. This led to an increase in the number of Japanese restaurants around the world, and the export of sake began to gradually increase.

That said, sake is still not well known globally, and with the aim of further expanding and cultivating the market, an all-Japan promotion of sake exports has begun. The Japanese Sake Export Council was established in 2014, with the Japan Sake & Shochu Makers Association

and the National Wholesale Liquor Sales Association taking the lead.

Then, in April 2019, the "Relevant Ministerial Conference on Responding to Regulations of Importing Countries to Expand Exports of Agricultural, Forestry and Fishery Products and Food Products" was established. Of course, this also includes sake. Although it is a very central government-like long name, the relevant ministries and agencies are getting serious about it, communicating closely with the private sector, and taking action.

Although the Japanese government was in the midst of an increase in COVID-19 cases, at a cabinet meeting on November 30, 2020, the Japanese government set targets for agricultural, forestry, fisheries, and food exports of 2 trillion yen in 2025 and 5 trillion yen in 2030. Among these items, Japanese sake has been selected as a priority export item because of Japan's strengths that are highly valued overseas, where there is great scope for export expansion, and where export promotion activities involving all concerned parties are effective. The target amount for 2025 is 60 billion yen.

Canada and Japanese Sake

So, let's talk about Canada. Vancouver, which has a high proportion of Asian immigrants, has long had many Japanese restaurants. However, ever since Japanese cuisine was registered as a UNESCO Intangible Cultural Heritage, many Japanese restaurants, ramen shops, and izakayas have opened in Toronto, Canada's largest city. With this Japanese food boom, interest in sake is increasing among Asian fusion restaurants and people in the Western food industry.

In 2007, the amount of sake exported from Japan to Canada was 239 million yen and 484 kilolitres. Ten years later, in 2017, the amount had doubled to 486 million yen, and the amount had increased 1.5 times to 711 kilolitres. Furthermore, since the increase in value is greater than the increase in quantity, it is estimated that exports of higher-priced sake are increasing.

After that, there was the impact of supply chain disruption and economic stagnation due to the COVID-19 pandemic in 2020. Still, the export results in 2022 were 1,163 million yen and 1,000 kilolitres. In the five years since 2017, the amount has increased by 2.4 times and the volume has increased by 1.4 times. Canada ranks 7th in value and 6th in volume as a destination for sake exports. The main export destinations are the United States and China, as well as the Asian countries of South Korea, Hong Kong, Taiwan, and Singapore.

The above-mentioned Japanese Sake Export Council's Basic Sake Export Strategy also specifies North America (United States and Canada) as a priority for export.

Multi-layered efforts to promote sake in Canada

Canada is a G7 member and has the 9th largest GDP in the world (approximately 250 trillion yen when converted). Currently, the population is 40 million, and the population growth rate is the highest in the G7, and the market size is expected to expand in the future. Additionally, wine, which is widely enjoyed in Canada, contains iron. Because sake does not contain iron, it has characteristics that match it better with seafood, whether Japanese or Western cuisine. Therefore, I think Canada has great potential as an export destination for sake. The current amount of Japanese sake exported to Canada is 1.1 billion yen, which should grow significantly in the future.

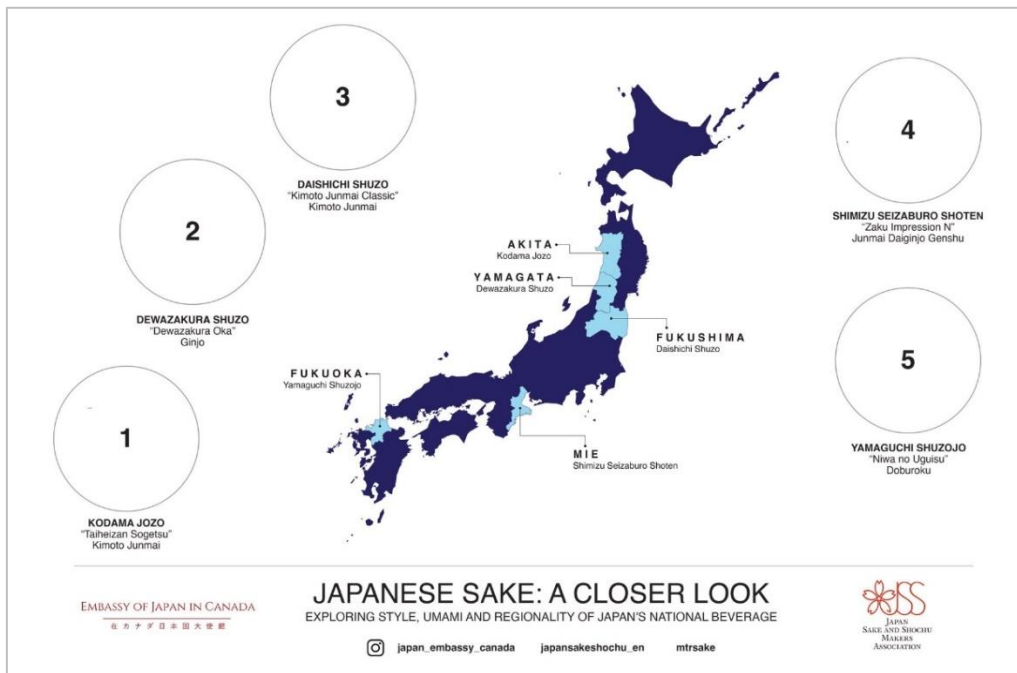
In order to realize this potential, we need to raise knowledge and visibility of sake, establish brand power, develop infrastructure related to exports and a support system for vendors, and work as a government-private partnership to expand sales channels. We need multi-layered efforts.

The arrival of “Sake Samurai” Michael Tremblay

The Embassy of Japan in Canada is strengthening various efforts to popularize Japanese sake. As part of this effort, the Embassy of Japan and the Japan Sake and Shochu Makers Association co-hosted the sake event "Sake Master Class Tasting ~ Japanese Sake: A Closer Look" on November 13th at the Embassy Auditorium. This is an ambitious project aimed at chefs, professional sommeliers, and restaurateurs living in Ottawa to learn about the history, nutritional value, and a scientific perspective of sake.



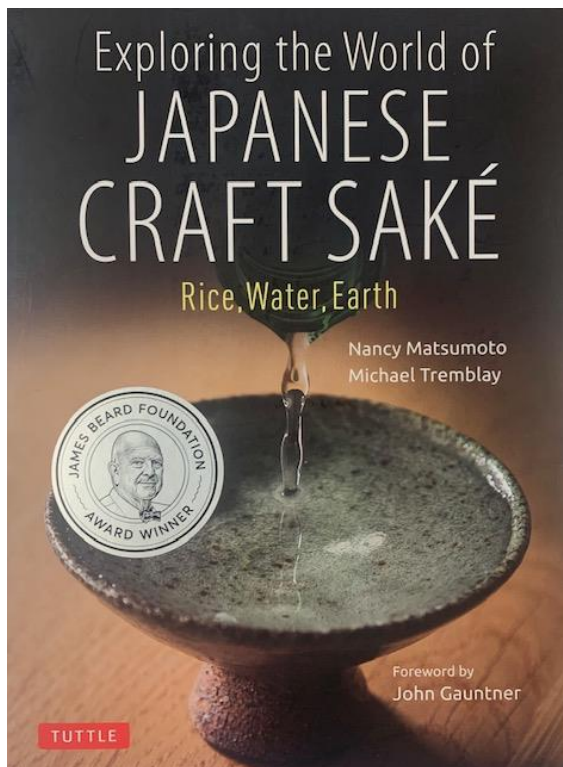
(Mr. Tremblay at the lecture)



(Material for sake promotion event)

The instructor is the key to the success or failure of this type of event. This time I asked Mr. Michael Tremblay, and he was the best instructor I could think of. The two-hour lecture was carefully prepared in advance and touched on the essence of sake, from history and science to tasting and restaurant practice. It received very high praise from the more than 30 participants.

Mr. Tremblay was named a “Sake Samurai” in 2018. The title of “Sake Samurai” is bestowed only on those who have deep knowledge, insight, and experience related to sake, as well as a vision and passion for promoting sake. There are about 100 people in the world, and only three in Canada. In addition, Tremblay's love and respect for Japanese sake, as well as his sense of mission, are overflowing in his book “Exploring the World of Japanese Craft Sake: Rice, Water, Earth,” co-authored with Ms. Nancy Matsumoto and published by Tuttle Publishing in 2022. It has also received the James Beard Foundation's Media Award for outstanding books in North America.



(Mr. Tremblay's book)

Mr. Tremblay is also the sommelier at Ki Modern Japanese + Bar, a restaurant in Toronto. By the way, "Ki" means "joy". The restaurant offers over 90 types of sake and spreads the appeal of sake to customers. He says that the key to this is employee training. This is because the combined efforts of employees create an even greater impact. When employees become sake fans, they work hard to build sales channels themselves and serve customers with knowledge and enthusiasm. This is directly connected to customers becoming attracted to sake and gaining knowledge about it.



(Restaurant "Ki")

Conversation at the official Japanese residence dinner - Canadian reality

Furthermore, one of the efforts to popularize Japanese sake is dinner table diplomacy. This is also one of the most important jobs of an ambassador. Lunches and dinners are held regularly at the official Japanese residence for Canadian ministers, members of Parliament, government officials, opinion leaders, business people, artists and cultural figures, and others. These occasions are for deepening trust, developing connections, obtaining valuable information, and, if necessary, securing understanding and support for Japan's position, but at the same time, the sake that are served at the table play an important role in the promotion of sake.

Recently, various different types of sake were served at different occasions at the official residence. During the G7 Hiroshima Summit, sake from a brewery in Hiroshima was served. Around the time of the release of ALPS treated water, sake from a brewery in Fukushima was served and Hokkaido's Otokoyama Daiginjo was served when I welcomed Environment and Climate Change Minister Guilbeault, who also attended the G7 Ministers' Meeting on Climate, Energy and Environment held in Sapporo. In addition to the taste, each brewery has a history and interesting stories that are worthy of being told. Eating, drinking and talking together at the table deepens human relationships. Topics varied from time to time, from politics and diplomacy to business, science and technology, and culture, but when it comes to

sake, the following conversations often occur.

Guest of Honour: "Ambassador, the food at your official residence is amazing. The sake is also really delicious."

Me: "I'm glad you learned about the wonders of Japanese sake."

Guest of Honour: "Where can I buy this delicious sake?"

I replied, "Actually, here in Ontario, the LCBO (Liquor Control Board of Ontario) has strict and complex regulations. Unfortunately, this brand of sake is not sold in regular stores. If you wish, please contact me. I will invite you to the official residence."

Guest of honour: "Ahh, the LCBO."

Me: "You're right. I respect Canada, which is leading the way in free trade through the WTO and CPTPP. However, when it comes to importing Japanese sake, to be frank, it's rather socialist. The Importation of Intoxicating Liquors Act gives provincial governments the authority to manage the importation of alcoholic beverages and requires them to be processed through each province's alcoholic beverage monopoly corporation. It is a web of regulations that is far from free trade."

Guest of Honour: "I would really like to see some regulatory reform."

Me: "It would be great if we could get help from the Canadian side as well, calling for loosening regulations by the LCBO."

LCBO deregulation

Multi-layered efforts are being made to popularize sake in Canada, but in the case of Ontario, the key is deregulation by provincial authorities, including the LCBO. Mr. Tremblay, the "sake samurai" mentioned above, spoke candidly from his own experience about the situation in the field of sake importing.

He says,

- "Ki" Restaurant is able to offer 90 types of sake because it coordinates details with the LCBO on a daily basis and follows complicated procedures.
- Under the current LCBO regulations, multiple stringent assessments, are required to obtain new types of sake.
- When importing, it is mandatory to use a marine transportation company designated by the LCBO, but that company is not able to properly control temperature. This has become a barrier to importing delicate, high-quality sake, which is in great demand.
- From a practical perspective, the LCBO regulations are the hurdle that must be overcome.

Mr. Tremblay, based on his daily experience at the Ki restaurant, says that it is important for the spread of sake that customers who have become sake fans seek out a greater variety of sake and raise their voices. Furthermore, he argues that networking among sake fans is possible and should be promoted. He also pointed out that this will be a force for promoting LCBO deregulation. Worth listening to.

In order to further popularize sake in Canada, I want to increase the number of sake fans, convey their voices, support networking, and hold various sake promotion events with the help of related Japanese Ministries and Consulate-Generals of Japan in Canada. At the same time, I would like to lobby the LCBO itself, and even the Canadian government, so that provincial authorities, including the LCBO, can ease regulations.

As I was writing this text, there was news that the province of Ontario was considering major revision of its alcohol regulations. I would like to keep an eye on this matter.



(LCBO directly managed store near the ambassador's residence)

Conclusion

On March 14, 2023, a decision was made at a liaison meeting between related ministries and agencies to propose "traditional sake brewing" as a UNESCO Intangible Cultural

Heritage. If all goes well, it will be registered by the end of 2024. The era of Japanese sake has finally arrived. I sincerely hope that more people in Canada enjoy sake.

(This edition includes the National Tax Agency's survey report on traditional Japanese sake brewing using Koji mold, the website of the Japan Sake and Shochu Makers Association, "History of Sake", the JETRO Agriculture, Forestry, Fisheries and Food Division, and the National Tax Agency's Liquor Tax Division's "Sake Export Handbook - Canadian Edition" and the Japanese Sake Export Council's "Basic Strategy for Exporting Sake." Thank you very much.)