

# 7. Mineral Water

## 1. Definition of Category

All natural mineral waters containing inorganic salts or carbonation (both naturally and artificially carbonated waters).

### HS Numbers

2201.10-000

### Commodity

Mineral waters and aerated waters

*Note: In Japan, however, naturally carbonated mineral waters are classified as mineral water, while artificially carbonated mineral waters are classified as carbonated beverages.*

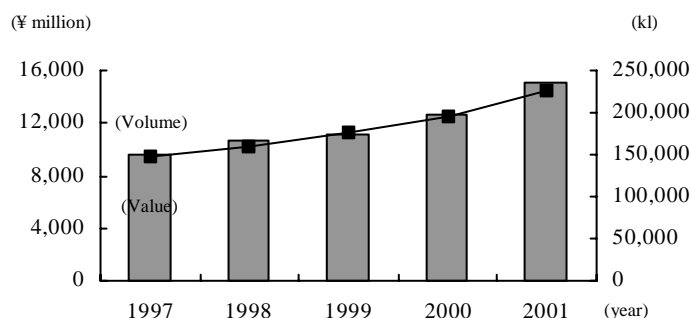
## 2. Import Trends

### (1) Recent Trends in Mineral Water Imports

Mineral water imports grew on a volume basis by a factor of 20 times during the ten-year time span up through 1995, to almost 200,000 kiloliters. However, an well-publicized incident of contamination in 1996 precipitated a turnaround, and imports tumbled to 144,721 kiloliters. Imports have been steadily rising again every year from 1997 onward, and they finally returned to 1995 levels by 2000. Imports rose another 15.7% in 2001, to 226,061 kiloliters, worth some ¥15.04 billion (up 19.1%). This set a new all-time record, topping the previous mark set in 1995.

Imported mineral waters include aerated waters. However, since Japanese consumers tend to prefer non-carbonated beverages, aerated mineral waters have not grown much at all.

**Fig. 1 Japan's mineral water imports**



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Mineral waters and aerated waters	148,605	9,531	159,127	10,672	175,582	11,131	195,334	12,626	226,061	15,040

Units: kl, ¥ million

Source: Japan Exports and Imports

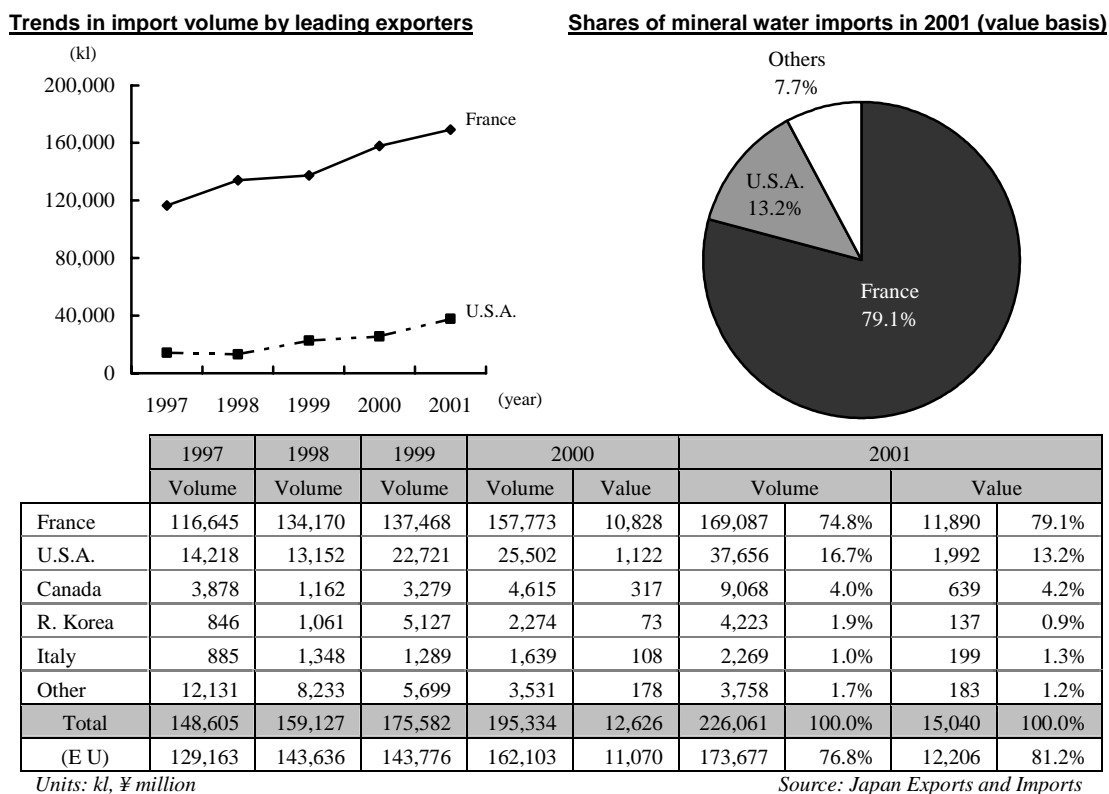
### (2) Imports by Place of Origin

France holds a commanding lead in mineral water import share with 74.8% in 2001 on a volume basis. France exports several brand names that are very well-known among the Japanese, including Evian, Vittel and Volvic. These brands have used trading companies and beverage makers as exclusive importing agencies to explore the Japanese mineral water market. (see Fig. 2)

Import growth has been especially strong from the United States in recent years, and in 2001 American imports soared 47.7% from a year earlier to 37,656 kiloliters (import share of 16.7%). Crystal Geyser, which is produced in California, has made a name for itself with an aggressive promotional campaign featuring an endorsement by a Major League baseball player in its TV and magazine ads.

### (3) Imports' Market Share in Japan

Imports' market share (on a volume basis) reached 30.5% of the Japanese market in 1995, but tumbled in 1996 because of a contamination incident. Mineral water imports have been on a recovery path once again since 1997, but since domestic production is also increasing, imports' market share has remained flat at around 18%. (see Fig. 3)

**Fig. 2 Principal exporters of mineral water to Japan****Fig. 3 Imports' share in the Japanese market**

	1995	1996	1997	1998	1999	2000
Domestic products	452,200	485,900	646,000	714,600	956,400	894,300
Imported products	198,713	144,721	148,605	159,127	175,582	195,334
Total market	650,913	630,621	794,605	873,727	1,131,982	1,089,634
Imports' share	30.5%	22.9%	18.7%	18.2%	18.4%	17.9%

Unit: kl

Source: The Japan Soft Drinks Association, Japan Exports and Imports

### 3. Key Considerations related to Importing

#### (1) Regulations and Procedural Requirements at the Time of Importation

Importation of mineral water is subject to the Food Sanitation Law.

##### 1) Food Sanitation Law

Under provisions of the Food Sanitation Law, an import notification is required for mineral water being imported for the purpose of sale or for other commercial purposes. Importers are required to submit the completed "Notification Form for Importation of Foods, etc." to the Quarantine Station at the port of entry. A determination is made based on the document examination whether or not an inspection at the bonded area is required.

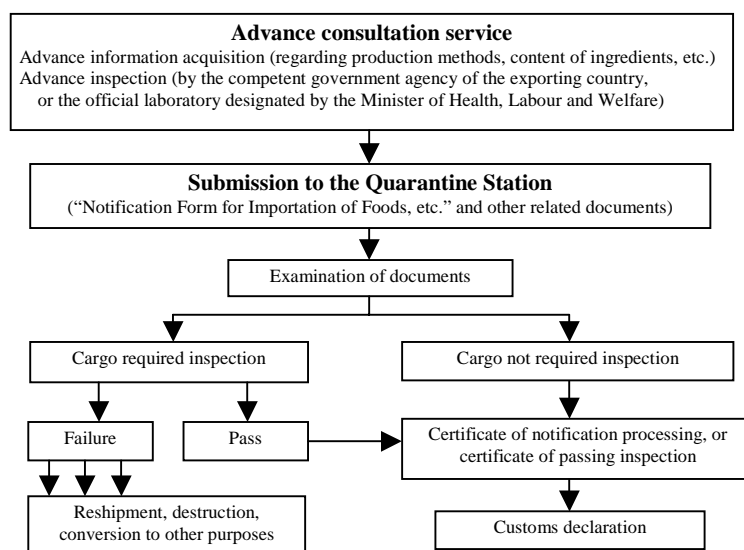
Mineral water is subject to separate standards under the Food Sanitation Law for composition, manufacturing, and preservation. Products that fail to comply with these standards may not be imported into Japan. In order to verify whether a product conform to the Food Sanitation Law manufacturing standards, the water content must be tested, and thorough check must be conducted of all the manufacturing processes all the way from extraction to bottling at the manufacturing facility.

After a number of such contamination incidents occurred involving mineral water, manufacturing standards under the Food Sanitation Law were revised. The inspection program was strengthened to provide for on-site inspections for each notification, and for tests to check for impurities or precipitants.

Prior to importing, the importer may take a sample of forthcoming imports to official laboratories designated by the Minister of Health, Labour and Welfare in Japan or in exporting countries. Those test results may be substituted for the corresponding inspection at the port of entry, which expedites the quarantine clearance process.

In addition, importers who wish to submit their notifications by computer may make use of the computerized FAINS (Food Automated Import Inspection and Notification System) for processing import-related documentation. Importers who have the required hardware and software may apply for a security code from the Minister of Health, Labour and Welfare to access the system.

**Fig. 4 Procedures required under the Food Sanitation Law**



## (2) Regulations and Procedural Requirements at the Time of Sale

The sale of mineral water (including carbonated water and artificially carbonated mineral water) is subject to the Food Sanitation Law, the JAS Law, the Measurement Law, the Nutrition Improvement Law, the Containers and Packaging Recycling Law, and the Law for Promotion of Effective Utilization of Resources.

### 1) Food Sanitation Law

The Food Sanitation Law prohibits the sale of foods containing toxic or harmful substances and foods that are unsafe for human health. The Law defines mineral water content standards and sets forth manufacturing and preservation standards. The sale in Japan of mineral water is subject to labeling requirements under provisions of the Law. (see 4. Labeling)

### 2) JAS Law

#### (Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products)

The JAS Law establishes quality labeling standard for all food and beverage products sold to ordinary consumers. (see 4. Labeling)

### 3) Measurement Law

Mineral water sealed in wrapping or containers are required the labeling of the net content to certain accuracy (range of error specified by Cabinet Ordinance).

### 4) Nutrition Improvement Law

When employing labeling for nutritional ingredients or calories, labeling must be in accordance with the requirements under the Nutrition Improvement Law. (see 4. Labeling)

### 5) Containers and Packaging Recycling Law (Law for Promotion of Sorted Collection and Recycling of Containers and Packaging)

The Containers and Packaging Recycling Law was enacted to promote recycling of container and packaging waste materials. It provides for sorting by consumers, sorted collection by municipalities, and product reuse (recycling) by product makers and distributors for glass bottles, PET bottles, paper and plastic containers and packaging. Consequently, mineral water importers incur the obligation for recycling of containers and packaging (although stipulated small-scale importers are exempt). Please consult the competent government agencies listed below for more information.

## 6) Law for Promotion of Effective Utilization of Resources

As of April of 2001, new identifier labeling requirements apply to paper (not including beverage containers not containing aluminum) and plastic container materials, in addition to previously existing labeling requirements for steel and aluminum cans or PET bottles. (see 4. Labeling)

### (3) Competent Agencies

- Food Sanitation Law  
Policy Planning Division, Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau,  
Ministry of Health, Labour and Welfare  
TEL: 03-5253-1111 <http://www.mhlw.go.jp>
- JAS Law  
Standards and Labeling Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries  
TEL: 03-3502-8111 <http://www.maff.go.jp>
- Measurement Law  
Measurement and Intellectual Infrastructure Division, Industrial Science and Technology Policy and Environment  
Bureau, Ministry of Economy, Trade and Industry  
TEL: 03-3501-1511 <http://www.meti.go.jp>
- Nutrition Improvement Law  
Department of Food Sanitation, Pharmaceutical and Medical Safety Bureau, Ministry of Health, Labour and Welfare  
TEL: 03-5253-1111 <http://www.mhlw.go.jp>
- Containers and Packaging Recycling Law / Law for Promotion of Effective Utilization of Resources  
Recycling Promotion Division, Industrial Science and Technology Policy and Environment Bureau,  
Ministry of Economy, Trade and Industry  
TEL: 03-3501-1511 <http://www.meti.go.jp>  
Recycling Promotion Division, Waste Management and Recycling Department, Ministry of the Environment  
TEL: 03-3581-3351 <http://www.env.go.jp>  
Food Industry Policy Division, General Food Policy Bureau, Ministry of Agriculture, Forestry and Fisheries  
TEL: 03-3502-8111 <http://www.maff.go.jp>

## 4. Labeling

### (1) Legally Required Labeling

When selling mineral water sealed in wrapping or containers, following items must be listed all together on the label, under provisions of the Food Sanitation Law, the JAS Law, and the Measurement Law.

<Labeling items to be listed all together>

- |                                |   |
|--------------------------------|---|
| 1) Product name                | 2) List of ingredients                            |
| 3) Net content                 | 4) Date of minimum durability or best-before date |
| 5) Preservation method         | 6) Country of origin                              |
| 7) Importer's name and address |   |

<Labeling under the Law for Promotion of Effective Utilization of Resources>

The Law requires that all canned or PET-bottled mineral water, whether produced in Japan or elsewhere, display an identifying mark affixed to or printed on at least one spot on the side of the container. Aluminum cans and PET bottle display a triangular symbol, while steel cans display a circular symbol. They are overlaid with the appropriate terms in Japanese. In addition, as of April of 2001, new identifier labeling requirements apply to paper (not including beverage containers not containing aluminum) and plastic container materials



## (2) Voluntary Labeling based on Provisions of Law

### 1) JAS Law

Artificially carbonated mineral water is regarded as carbonated drink and subject to JAS standards. Products that undergo inspection and are certified compliant with JAS standards are allowed to display the JAS mark on the product. However, application for grading is voluntary, and products do not have display the JAS mark in order to be sold.

Under the previous JAS Law, manufacturers had to undergo inspection by a registered grading organizations. But under the amended JAS Law, both domestic and overseas manufacturers, production process supervisors (producers and vendors), sorters, and importers in Japan may be authorized to self-qualify with the approval of a registered certification organization.

Contact:

Center for Food Quality, Labeling and Consumer Services Headquarters  
Standard and Labeling Department TEL: 048-600-2371 <http://www.cfqlcs.go.jp>

JAS Mark



### 2) Labeling under the Nutrition Improvement Law

When employing labeling for nutritional ingredients or calories in Japanese, either on the packaging or in accompanying documentation, labeling must be in accordance with the requirements under the Nutrition Improvement Law.

*<Example> Labeling must contain the quantities of calories, proteins, fats, carbohydrates, sodium,, and other nutritional ingredients present, in descending order by content volume.*

## (3) Voluntary Industry Labeling

<SG mark>

In the category of bottled carbonated beverages, mineral water in bottles of 400 ml or less with an internal gauge pressure of 2.5 kg or greater (including both naturally carbonated and artificially carbonated bottled mineral water) is eligible for the SG Mark program, which is administered by the Consumer Product Safety Association. Any manufacturer, importer or retailer of the product can be entitled to stick a SG (Safety Goods) Mark, when it is confirmed to meet the requirements of the Approval Standard of the product.

Any person who is personally injured by a defect of SG Mark stuck product shall compensated by the Association within ¥100 million per person. This compensation system is valid only when applied to personal injury and death caused by a defective SG Mark stuck product.

Contacts: Consumer Product Safety Association TEL: 03-5255-3631 <http://www.sg-mark.org>

SG Mark



<Recycling Mark for Paper Beverage Containers>

Paper beverage containers not containing aluminum are not required by law to include identifier labeling, but the industry has voluntarily introduced an identifier mark program.

Contacts:

• Paper Beverage Container Recycling Association TEL: 03-3264-3903

Paper pack



## 5. Taxes

### (1) Customs Duties

Following table presents tariff rates on mineral water.

**Fig. 5 Customs duties on mineral water**

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
2201.10-000	Mineral waters and aerated waters	3.20%	3%	Free	

Note: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

### (2) Consumption Tax

(CIF + Customs duty) x 5%

## 6. Product Characteristics

### (1) Characteristics by type

The volcanic rocks and soils of Japan generally yield mineral waters low in mineral content. Because Japan has relatively abundant water resources, water has only rarely been regarded or treated as a commercial product, aside from a certain level of demand for mineral water for use in hot springs. Recently, though, as concerns about the quality of municipal water supplies have heightened, a number of brands of low mineral content non-carbonated mineral waters have suddenly come on the market.

Fig. 6 below presents classification of mineral water under the Guidelines for Mineral Water Product Quality Labeling by the Ministry of Agriculture, Forestry and Fisheries.

**Fig. 6 Classification of mineral water (bottled for drinking) under the Product Quality Labeling Guidelines**

Category	Product Name	Source	Processing Method
Natural water	Natural water	Ground water collected from specific water springs	Filtration, precipitation or sterilization
	Natural mineral water		
Mineral water	Mineral water	Ground water collected from specific water springs which acquire inorganic salts while underground, including: mineral water, hot spring water, etc.	Filtration, precipitation and sterilization, plus the following; Mixing waters from multiple sources Adjustment of mineral contents De-aeration Ozone sterilization Ultraviolet sterilization
Bottled water	Bottled water or drinking water	Pure water, distilled water, stream surface flow water, tap water, etc.	No restriction

*Note: Prospective importers should be aware that these guidelines are unique to Japan, and they may not accord precisely with current guidelines in the EU.*

In contrast, more alkaline European soils yield mineral water with higher mineral content, and there is a long-standing tradition of using mineral water not only as ordinary drinking water but for medicinal purposes as well. European countries have well-defined quality and safety standards for mineral water products. In particular, sterilized products are not allowed to call themselves “natural mineral water” in labeling or advertising. European countries also require a minimum level of mineral content, and they have clear-cut standards for water resource protection and manufacturing processes. Mineral water has an established place in European customs and life styles as a medicinal or health-enhancing product.

#### <Carbonated mineral water and non-carbonated mineral water>

European countries have a long-standing tradition of using aerated mineral water (so-called carbonated mineral water) for medicinal purposes. Thus, its consumption as a beverage is widespread. Some imported mineral waters are aerated, some of those naturally and others artificially. Up to the point at which they are imported, both types are treated simply as mineral water. However, the JAS Law treats artificially carbonated mineral water as a form of carbonated beverage. Thus, for regulatory purposes in Japan artificially carbonated mineral waters are differentiated from other mineral waters (naturally carbonated mineral water is treated as mineral water).

### (2) Characteristics of products from different countries/regions

The characteristics of mineral water are affected by many different geologic, climatological and other environmental factors. There are subtle differences in mineral content and taste between waters from different parts of the world, as well as differences in attitude about what constitutes good mineral water taste.

#### • France

France first established mineral water quality standards and adopted water resource protection measures more than 100 years ago, making it in some sense the most advanced mineral water nation in the world. France produces a wide variety of mineral waters, including hard waters with high mineral content, soft waters with low mineral content, and mineral waters containing natural carbonation.

#### • U.S.A.

Crystal Geyser (38 degree) has deployed an aggressive marketing campaign to gain greater consumer awareness of its bottled water in 500 ml PET bottles.

- Belgium  
Belgium is home to internationally known brand products. Exports of mineral water from Belgium to Japan were relatively high, but decreasing in recent years.
- Canada  
Most Canadian imports consist of melted glacier waters with lower mineral content than water from Japan.
- Italy  
Italy exports a number of well-known brand names to Japan, both carbonate and non-carbonated. Italian mineral water is often served at Italian restaurants.

## 7. Domestic Distribution System and Business Practices

### (1) Domestic Market Conditions

As consumer concerns over drinking water quality have heightened, the mineral water market has grown sharply in the past few years. Riding the trends of the times such as the “nature and health boom” and the “gourmet boom,” mineral water has become popular due to its inherent safety and fine taste. The quality of the tap water in Japanese urban areas has been deteriorating. This, plus the increase in the number of Japanese who have traveled overseas has lowered the resistance of the consumer to buying imported water. The fashionability of mineral water as a beverage among the young has also played a role in the growth of consumption.

The following table compares the trends in production of mineral waters and other types of soft drinks. As is clear from this table, overall soft drink market showed solid growth from 1996 onward. The leading product in the Japanese soft drink market is coffee drink. But, the fastest growing product category has been non-sugared drinks such as tea drinks and sport drinks, which demonstrates that tastes in the overall soft drink market are shifting toward drinks with fresh taste and health-conscious features such as low sugar/calorie content.

Late 1999 saw explosive sales of mineral water (of 2 liter PET bottles) to people stocking up on drinking water supplies in anticipation of possible Y2K disruptions. Sales grew by 33.8% to 956,400 kiloliters before a counter-reaction set in 2000, when sales edged down to 894,300 kiloliters. 2001 saw solid growth in shipments, and forecasts call for the growth trajectory to continue in the future.

**Fig. 7 Trends in soft drink production**

	1996	1997	1998	1999	2000	2000/1999
Coffee drinks	2,483,000	2,568,000	2,562,000	2,600,000	2,610,000	100.4
Tea drinks	931,000	1,011,000	985,000	901,000	789,000	87.6
Oolong-tea drinks	1,207,000	1,260,000	1,210,000	1,280,000	1,295,000	101.2
Green tea and other tea drinks	1,311,000	1,605,000	1,795,000	1,876,000	2,296,000	122.4
Cola drinks	1,112,000	1,152,000	1,149,000	1,170,000	1,160,000	99.1
Other carbonated drinks	1,813,000	1,854,000	1,704,000	1,722,000	1,644,000	95.5
Soft drinks containing fruit juices	838,000	829,000	880,000	1,055,000	1,050,000	99.5
Natural fruit juices	620,000	573,000	570,000	550,000	556,000	101.1
Other fruit drinks	434,000	412,000	600,000	609,000	649,000	106.6
Mineral water	485,900	646,000	714,600	956,400	894,300	93.5
Sport drinks	993,000	1,068,000	1,065,000	1,156,000	1,378,000	119.2
Other soft drinks	560,100	989,000	1,237,000	1,291,500	1,172,000	90.7
TOTAL	13,149,000	13,967,000	14,471,600	15,166,900	15,493,300	
(Yearly change)	(103.3)	(106.2)	(103.6)	(104.8)	(102.2)	

Unit: kl

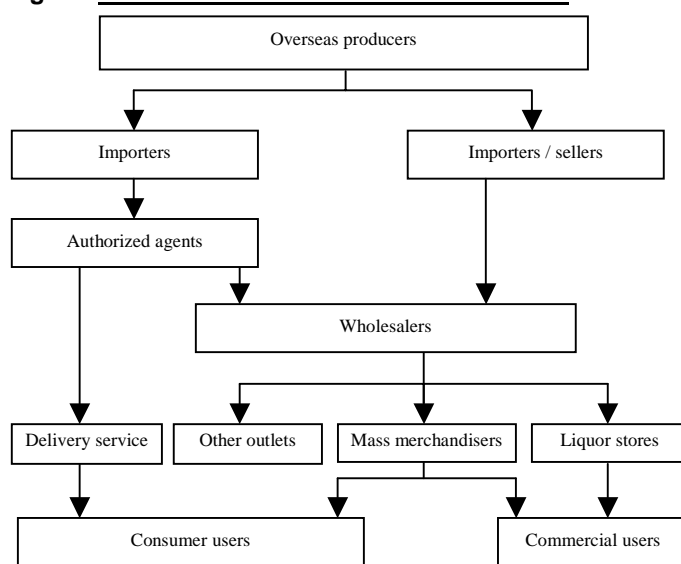
Source: The Japan Soft Drinks Association

Attracted by the promise of this rapidly growing market, many brands of mineral water have entered the marketplace, both domestic and foreign, including products from leading Japanese food and beverage companies as well as many brands from rural areas seeking to boost their stagnant economies. Recent times, however, have seen greater market polarization between prestige brands (well-known French brands) and national brands marketed by leading domestic makers, with other brands falling by the wayside.

## (2) Distribution Channels

Mineral water distribution has also expanded to keep pace with growing consumer demand. An increasing number of mass merchandisers, in addition to liquor stores, now carry mineral water. Some large supermarkets have launched their own private brand products, as well as offering home deliveries and office water cooler rentals. The consumer market is the mainstay of the mineral water market today, with the commercial market making up less than one-tenth of the whole.

**Fig. 8 Distribution channels for mineral water**



## (3) Key Considerations for entering the Japanese Market

The imported mineral water market is overwhelmingly dominated by well-known brands, especially those from France. Consumers are looking not only for safety and reliability but also for fashion appeal in imported mineral waters and their preference for well-known brand names appears unlikely to weaken any time soon. Any importer wishing to enter the market must understand that it will take time to turn a profit, considering the high and increasing shipping costs and costs of advertising and promoting a new brand.

## 8. After-Sales Service

The importer deals with problems with broken bottles or impurities through retail outlets.

## 9. Related Product Categories

Imports of soft drinks (including carbonated drinks) other than mineral water for resale is subject to requirements of the Food Sanitation Law. They are also subject to the labeling requirements under provisions of the JAS Law.

*Note: The term "soft drinks" refers to all beverages other than lactobacillus beverages, milk, dairy products and alcoholic beverages (with alcohol content of 1% or greater).*

## 10. Direct Imports by Individuals

Individuals may import without restriction quantities of mineral water deemed appropriate to personal consumption. However, imports of mineral water to provide to a multiple non-specific persons are subject to provisions of the Food Sanitation Law.

## 11. Related Organizations

- The Mineral Water Association of Japan TEL: 03-3350-9100  
<http://www.gokkun.com/kyokai/>
- The Japan Soft Drinks Association TEL: 03-3270-7300 <http://www.j-sda.or.jp>
- Japan Carbonated Beverage Inspection Association TEL: 03-3455-6851  
<http://www6.ocn.ne.jp/~tansan>
- The Japan Containers and Packaging Recycling Association TEL: 03-5532-8597 <http://www.jppra.or.jp>