

# Testing Structural Breaks in the Japanese *Sake* Imports in the U.S Market

Wakuo Saito\*

*Centre for Finance, Technology and Economics at Keio, Keio University*

Teruo Nakatsuma

*Faculty of Economics, Keio University*

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## Abstract

*Sake*, Japanese rice wine, has been an inseparable part of the traditional Japan cuisine since ancient times. In recent decades, exports of this alcoholic beverage to the United States have changed tremendously. Not only has the volume of exports increased, but the unit value of exports has also risen, making it a different export industry than it was a few decades ago. In addition to the efforts of distributors and breweries of *sake*, other factors behind this trend include changes in the manufacturing environment due to legal revisions and changes in economic policy. To the best of our knowledge, however, there are no studies which researched empirically when and how structural break occurred in *sake* export to the U.S. In our study, we developed structural break models to explain breaks of volumes and unit values with some macroeconomic factors. As a result, we found that there are several breaks which caused by political and commercial changes for volumes and unit values. Especially, we were able to confirm that the properties of the *sake* goods in the U.S. liquor market have changed from lower-class goods to higher-class goods over the past few decades.

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\*e-mail: goldcrystal1@keio.jp

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**JEL Codes:** L11, L66, Q11