WINE, SPIRITS & BEER

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WHAT’S IN THE EPA FOR WINES AND ALCOHOLIC BEVERAGES

➢ EU agriculture is the sector with the most opportunities to seize in this Agreement:
  • 85% of tariff lines will be liberalised over time;
  • or 87% of current EU agri-food exports to Japan.


➢ High level GI protection for EU’s most important wines, spirits and beers.

➢ Japanese commitment to approve 28 EU additives and processing aids.
Some trade data …
Market Access
Oenological Practices (OP)
Geographical Indications (GI)
Rules of Origin
Information sources
Ø Japan is the 3rd largest economy (GDP) in the world with a GDP per capita comparable to the one in the EU.

Ø Japan is the EU’s 5th agri-food trading partner, after the US, China, Switzerland and Russia.

Ø SMEs represent a large share in the EU’s today’s export to Japan: 88% of total EU exporters.
EU AGRI-FOOD 2017 EXPORTS TO JAPAN (MIO €)

- wines and vermouths: 827
- other alcoholic beverages: 279
- tobacco prod.: 703
- cheese: 385
- prep. of fruit & veg: 258
- olive oil: 249
- chocolates: 198
- casein: 194
- pasta: 187
- other: 1856
- pork: 1264
- EU AGRI-FOOD 2017 EXPORTS TO JAPAN (MIO €)
Wines

- Full duty elimination since the 1\textsuperscript{st} of February 2019 for still and sparkling wines, as well as for vermouth wines.

- Duties for some “other wines”, such as cider and beverages with alcoholic strength less than 1\%, will be gradually eliminated in either 5 or 10 years.

- This places the EU wines back on equal footing with competitors such as Chile and Australia.
MARKET ACCESS

Spirits

- Spirits from grape wine distillation (e.g. Cognac, Armagnac, grappa, brandy de Jerez, etc.), for whiskies and fruit brandies: Japan already applies zero MFN duties.

- For other spirits, the implemented free duty is maintained *ad infinitum* since the 1st of February 2019. The products concerned are rhum (and other spirits obtained by distilling fermented sugar-cane), gin and Genever, vodka, and liqueurs & cordials.

- A limited number of spirits (such as imitation sake) will have duties phased out in 5 years.
Alcoholic beers (HS 230300)
Japanese Customs already apply zero duties at MFN level.

Non-alcoholic beers (HS 220291)
- Containing added sugar: duties phased-out in 3 years.
- Not containing added sugar: zero duties at MFN level.
OENOLOGICAL PRACTICES

- A number of OPs, currently used in European wines, will be approved by Japan in one of the 3 following phases:

- **PHASE 1 OP list since 1st of February 2019**

  OPs concerned:
  - Calcium alginate
  - Caramel
  - L(+) tartaric acid
  - Lysozyme
  - Microcrystalline cellulose
  - Oak chips
  - Perlite
  - Potassium alginate
  - Potassium bisulphite – potassium hydrogen sulphite
  - Potato protein
  - Yeast protein extracts
PHASE 2 OP list since 15 January 2021

- In case of Japanese failure to deliver, EU may temporarily suspend simplified and self-certification on wines imported from Japan and will not approve Japanese processing aid of Phase 2.

- OPs concerned:
  - Ammonium bisulphite
  - Calcium carbonate + double calcium salt of L(+) tartaric and L(-) malic acids
  - Chitin-glucan derived from Aspergillus
  - Dimethyldicarbonate (DMDC)
  - Metatartaric acid
  - Neutral potassium tartrate
  - Neutral salt of potassium DL tartaric acid
  - Polyvinylimidazole-polyvinylpyrrolidone copolymers (PVI/PVP)
OENOLOGICAL PRACTICES

PHASE 3 OP list by 1st of February 2024:
Consultations will be held if these OPs are not authorised within the deadline.

- OPs concerned:
  - Argon
  - Calcium phytate
  - Calcium tartrate
  - Copper sulphate
  - Kaolin (aluminium silicate)
  - Malolactic fermentation activators
  - Potassium bicarbonate = potassium hydrogen carbonate = potassium acid carbonate
  - Potassium caseinate
  - Potassium ferrocyanide

- For EU wines imported and sold in Japan: no certificate is required as evidence that the OP requirements have been fulfilled (“standstill”).
GEOGRAPHICAL INDICATIONS

- The EPA protects more than 200 EU GIs, including around 130 wines, spirits and beers.

- Direct protection, i.e. no application and no registration.

- Administrative enforcement ("ex officio"): Japan must take the necessary measures to stop GI infringements.

- GIs vs. TMs:
  - Rejection of subsequent TMs in Japan.
  - Co-existence with pre-existing TMs is addressed.

- Possibility to add new GIs to EPA list.
  - an additional number of 7 wine & spirits GIs will be protected as from early February 2021.
The RoO under the EPA are determined by product in the Product Specific Rules of Origin (PRS).

The PSR for Wines, Spirits and Beers specify:

“CTH except for headings 22.07 (ethyl alcohol) and 22.08 (spirit drinks) provided that:
- All the materials of sub-headings 0806.10 (fresh grapes), 2009.61 and 2009.69 (grape juice, including grape must) used are wholly obtained;
- The weight of non-originating materials of Chapter 4 (dairy products) used does not exceed 40% of the weight of the product;
- The total weight of non-originating materials of headings 17.01 and 17.02 (sugar products) does not exceed 40% of the weight of the product”
In brief:
Wines and sparkling wines should be made or originating grapes and grape must in order to benefit from duty free access.

- **CTH** (Change of Tariff Heading): non-EU originating materials may be used in the wine, spirits and beer production if they are classified under another tariff heading in the HS classification (4 digits), **but**:
  - Non-originating ethyl alcohol materials classified under HS 22.07 and HS 22.08 cannot not be used.
  - Non-originating sugar classified under HS 17.01 or HS 17.02 may be used but up to a weight limit of 40%.

Of which:
- Annex 2-A: Tariff reduction and elimination, including Japan’s tariff schedule and Notes hereto;
- Chapter 2 Article 2.23 to 2.31 and Annex 2-E: Facilitation of wine export;
- Annex 3-B: Product specific rules of origin;
- Chapter 14 – Articles 14.22 to 14.30 and Annex 14-B: GIs.

Detailed information on EPA preferences per sector (Factsheets & Webinars):
Overall import conditions in Japan:

- European Commission DG TRADE: “Access2Markets Database”:
  
  https://trade.ec.europa.eu/access-to-markets/en/content/welcome-access2markets-market-access-database-users

- Japan’s Customs:
  
  http://www.customs.go.jp/english/c-answer_e/imtsukan/1524_e.htm

- European Commission DG TAXUD - Rules of Origin:
  

- European Commission – Geographical Indications:
  
Thank you for your attention

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QUESTIONS?

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