EU – JAPAN EPA

PROCESSED AGRICULTURAL PRODUCTS

This presentation has been prepared with the sole purpose of simplifying the understanding of some parts of the EU-Japan EPA and bears no legal standing.
EPA Process

Managed by EU-Japan Centre for Industrial Cooperation

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Under the supervision of European Commission

INCREASE MARKET SHARE EU PRODUCTS

PROMOTION & INFORMATION

July 2018 Signature

1/2/2019 Entry into Force
Some trade data ...

Types of concessions

What the EPA is offering

Market Access

Geographical Indications

Rules of Origin

Information sources
EU AGRI-FOOD 2017 EXPORTS TO JAPAN (MIO €)

- Pork: 1264
- Wine: 827
- Tobacco Products: 703
- Cheese: 385
- Prep. Fruit & Veg: 285
- Beer & Spirits: 279
- Olive Oil: 249
- Chocolates: 198
- Casein: 194
- Pasta: 187
- Others: 1856

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## MARKET ACCESS
### Types of EPA Concessions

<table>
<thead>
<tr>
<th>Type</th>
<th>EPA Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate Liberalisation</td>
<td>A</td>
<td>Japan’s base rate is eliminated at the entry into force of the Agreement. Most of those tariff lines are not listed in Japan’s EPA tariff schedule</td>
</tr>
<tr>
<td>Duty elimination spread over a period</td>
<td>B</td>
<td>Gradual elimination of Japan’s base rate over a period of time. The zero duty will be applied in subsequent years.</td>
</tr>
<tr>
<td>Duty reduction spread over a period</td>
<td>R</td>
<td>Gradual reduction of Japan’s base rate to a certain level. The final reduced level will be applied in subsequent years.</td>
</tr>
<tr>
<td>Tariff rate quotas</td>
<td>TRQ</td>
<td>TRQs allow for one of the above preferences within the limits of an annual import quantity.</td>
</tr>
<tr>
<td>Exclusion</td>
<td>X</td>
<td>Tariff lines excluded from any preference</td>
</tr>
</tbody>
</table>
A few highlights of what’s the EPA is offering

<table>
<thead>
<tr>
<th>Main Products</th>
<th>EPA Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolates</td>
<td>Most duties phased out in 10 years – duty free as from 1/4/2027</td>
</tr>
<tr>
<td></td>
<td>Some products with duty preferences within a TRQ</td>
</tr>
<tr>
<td>Sugar Confectionaries</td>
<td>Duty free access for all the products</td>
</tr>
<tr>
<td>Pastas</td>
<td>Most duties phased out over 10 years</td>
</tr>
<tr>
<td>Bread, biscuits &amp; waffles</td>
<td>Duties phased out over periods between 5 and 8 years</td>
</tr>
<tr>
<td>Starches</td>
<td>Esterified starches: duty free as from 1/4/2023</td>
</tr>
<tr>
<td></td>
<td>Dextrins and other modified starches &amp; glues: duties phased out in 10 years</td>
</tr>
<tr>
<td>Egg albumin &amp; Caseinates</td>
<td>Duty free at entry into force</td>
</tr>
</tbody>
</table>
Tobacco Products

- **Cigarettes**: duty elimination at Entry into Force (EIF)
- **Other tobacco products**: duty phasing out over 10 years

Prepared or preserved fruit & vegetables

- **Sweetcorn**: liberalised at EIF or duty phasing out in 5 years.
- **Mixtures of vegetables**: duty phasing out in 5 years
- **Processed potatoes**: duty phasing out in 5 or 7 years
- **Peanut butter**: duty phasing out in 5 years.
Beverages

- **Spirits**: already duty free (MFN) or duty elimination at EIF
- **Mineral waters and soft drinks**: duty free from year 1, except those containing added sugar: duty phasing out over 5 years.
- **Beers**: already duty free

Chocolates & Cocoa

- **Chocolates**: duty phasing out in 5 to 10 years – or – duty elimination or reduction within TRQs
- **Cocoa powder** (without added sugar): duty elimination at EIF
- **Cocoa paste**: duty free at EIF (non-defatted) or gradual duty elimination over 5 years (defatted)
### Albumins, Caseins, Dextrins and Modified Starches

**Most important products:**

<table>
<thead>
<tr>
<th>Label</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casein</td>
<td>Duty free at EIF</td>
</tr>
<tr>
<td>Caseinates and other casein derivatives</td>
<td>Duty free at EIF</td>
</tr>
<tr>
<td>Esterified starches and other starch derivatives</td>
<td>Base rate until the end of year 5 and duty free as from 1/4/2023</td>
</tr>
<tr>
<td>Dextrin's and other modified starches</td>
<td>Duty free as from 1/4/2028</td>
</tr>
<tr>
<td>Glues based on starches, on dextrin’s or other modified starches</td>
<td>Duty free as from 1/4/2028</td>
</tr>
<tr>
<td>Egg albumin</td>
<td>Duty free at EIF</td>
</tr>
</tbody>
</table>
Sugar Confectionary

All Chapter 17 PAPs have duty free access from year 1, except:

- maltose, chewing gum, candies, caramels, white chocolate,
- and other sugar confectionary not containing cocoa:
  duty phasing out over a period of 10 years.
**MARKET ACCESS**

Products & Preparations based on Cereals

Most important products:

<table>
<thead>
<tr>
<th>Label</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biscuits, cookies, pastry cakes, bread, breakfast cereals, rusks, waffles, uncooked pasta, pizza, uncooked macaroni, malt extract, couscous</td>
<td>Gradual duty elimination within 5 to 10 years</td>
</tr>
<tr>
<td>Mixes and doughs and cake mixes</td>
<td>Duty free within a TRQ of max. 14.200t on 1/4/2023</td>
</tr>
<tr>
<td>Food preparations made primarily of wheat</td>
<td>Duty free within a TRQ of max. 3.000t on 1/4/2023</td>
</tr>
<tr>
<td>Food preparations containing more than 50% sucrose, and coca powder</td>
<td>Duties gradually reduced by 50% by 1/4/2028 within a TRQ of max. 130t</td>
</tr>
</tbody>
</table>
### MARKET ACCESS

#### Other

<table>
<thead>
<tr>
<th>Label</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoghurt</td>
<td>Duty phasing out after 10 years, or reduced by 50% after 5 years.</td>
</tr>
<tr>
<td>Dairy spread</td>
<td>Duty reduction within a TRQ, from 35%+290Yen/kg at the EIF to 35% in 2028.</td>
</tr>
<tr>
<td>Animal and vegetable fats &amp; oils</td>
<td>Duty free access as from the EIF, except for margarine: duty phasing out over 10 years.</td>
</tr>
<tr>
<td>Sauces, mustard, mayonnaise, etc.</td>
<td>Duty free as from the EIF</td>
</tr>
<tr>
<td>Active &amp; inactive yeasts</td>
<td>Duty free as from the EIF</td>
</tr>
<tr>
<td>Chewing gum</td>
<td>Duty phasing out after 5 years</td>
</tr>
<tr>
<td>Extracts and concentrates of coffee</td>
<td>Duty free as from the EIF</td>
</tr>
<tr>
<td>Ice cream</td>
<td>Duties reduced by 63 or 66.6% in 6 equal instalments</td>
</tr>
<tr>
<td>Ethyl alcohol</td>
<td>Liberalised at the EIF, or liberalised in 5 or 10 years</td>
</tr>
<tr>
<td>Other food preparations, not containing added sugar</td>
<td>Duty phasing out after 7 years</td>
</tr>
</tbody>
</table>
GEOGRAPHICAL INDICATIONS

Full protection for more than 200 EU GIs, among which several PAPs.

- Direct protection of GIs under the EPA.
- Relation between GIs and Trade Marks (TMs):
  - no registration in Japan of subsequent TMs;
  - coexistence with pre-existing TMs is addressed.
- Listed prior uses to expire within 5 or 7 years
- Possibility to add new GIs in the future.
RULES OF ORIGIN

Specified by product in the Product Specific Rules of Origin (PSR) – Annex 3-B

The following definitions apply:

- **Chapter**: the first 2 digits
- **Heading**: the first 4 digits
- **Sub-Heading**: the first 6 digits

in the HS tariff classification code

**Wholly Obtained**: EU/Japan origin is required

**CC (Change of Chapter)**: Non-EU/Japan originating materials may be used in the production of the goods if these materials are classified under another **Chapter**

**CTH (Change of Tariff Heading)**: Non-EU/Japan originating materials may be used in the production of the goods if these materials are classified under another **Heading**

**CTSH (Change of Tariff Sub-Heading)**: Non-EU/Japan originating materials may be used in the production of the goods if these materials are classified under another **Sub-Heading**

PSR may contain product-specific exceptions/conditions !!
# RULES OF ORIGIN

## A few Examples …

<table>
<thead>
<tr>
<th>Heading/Sub-Heading</th>
<th>Label</th>
<th>General Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>04.01 – 04.10</td>
<td>Yoghurt, buttermilk, dairy spreads</td>
<td>All the CH.04 materials are <strong>wholly obtained</strong>, i.e. must be of EU origin.</td>
</tr>
<tr>
<td>21.01</td>
<td>Extracts, essences &amp; concentrates of coffee and tea</td>
<td><strong>CC</strong>: non – (EU-Japan) originating products are authorised in the production if they are classified under another <strong>Chapter</strong> (<strong>RoO conditions</strong> apply!)</td>
</tr>
<tr>
<td>19.05</td>
<td>Bread, pastry, cakes, biscuits and other baker’s wares</td>
<td><strong>CTH</strong>: non – (EU-Japan) originating products are authorised in the production if they are classified under another <strong>Heading</strong> (<strong>RoO conditions</strong> apply!)</td>
</tr>
<tr>
<td>1302.20</td>
<td>Pectic substances, pectinates and pectates</td>
<td><strong>CTSH</strong>: non – (EU-Japan) originating products are authorised in the production if they are classified under another <strong>Sub-Heading</strong> (<strong>RoO exception</strong>: non-originating pectic substances may be used).</td>
</tr>
</tbody>
</table>
INFORMATION SOURCES

▶ EPA text and Annexes:

Of which:
▶ Annex 2-A: Schedule and Notes (TRQ, etc);
▶ Annex 3-B: Product specific rules of origin;
▶ Annex 14-B: GIs.
INFO RMATION SOURCES

▶ EPA Helpdesk: https://www.eu-japan.eu/epa-helpdesk

▶ Fiches per sectors and webinars on EPA outcome

A few examples:

- Wines and Spirits
- Geographical Indications
- Dairy Products
- Meat Products
- Processed Agricultural Products
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

- Import procedures - Japan. Min. Health Labour & Welfare:
  https://www.mhlw.go.jp/english/topics/importedfoods/1.html

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

- European Commission DG AGRI “Food and Beverage Handbook – Japan”:
  https://ec.europa.eu/chafea/agri/content/food-and-beverage-market-entry-handbook-japan
INFORMATION SOURCES

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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