

EU – JAPAN EPA

FOOTWEAR & LEATHER 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

**INCREASE
MARKET SHARE
EU PRODUCTS**

**PROMOTION &
INFORMATION**

**July 2018
Signature**

**1/2/2019
Entry into Force**

MARKET ACCESS

Types of EPA Concessions

Type	EPA Code	Description
Immediate Liberalisation	A	Japan's base rate is eliminated at the entry into force of the Agreement
Duty elimination spread over a period	B	Gradual elimination of Japan's base rate over a period of time. the zero duty will be applied in subsequent years.
Duty reduction spread over a period	R	Gradual reduction of Japan's base rate to a certain level. The final reduced level will be applied in subsequent years.
Tariff rate quotas	TRQ	TRQs allow for one of the above preferences within the limits of an annual import quantity.
Exclusion	X	Tariff lines excluded from any preference

In general:

- all EU Footwear & Leather products:
 - were already liberalised at MFN level, or
 - have been liberalised at the entry into force of the EPA, or
 - will be gradually liberalised under the EPA.
- tariff lines liberalised at the EIF are not listed in the EPA Schedule.
- All tariff lines can be found at website of Japan's Customs:
http://www.customs.go.jp/english/tariff/2019_4/data/e_50.htm

In Detail:

CH 41: Raw Hides & Skins and Leather

- Headings 41.01 – 41.06 (hides & skins not further prepared)
 - large majority already duty free at MFN level
 - others – including those outside ‘pooled quota’ - EPA duty phasing-out in 10 years
- Headings 41.07 – 41.15 (leather further prepared)
 - most tariffs phased out in 10 years
 - a few products (chamois and patent leather): 15 years

In Detail:

CH 42 – Articles of Leather

- all duties will be phased out in 10 years, except:
- 3 tariff lines (including leather gloves used in sport): 15 years

CH 64 – Footwear products

- all duties will be phased out in 10 or 15 years

RULES OF ORIGIN

GENERALITIES

- to benefit from an EPA preference: product must be originating in the EU or Japan.
- to be originating the product must comply with:
 - the provisions “Rules of Origin” of the EPA text (Chapter 3), including:
 - conditions to be originating
 - provisions regarding cumulation, tolerances etc., claim for preferential treatment, self-certification system
 - the Product Specific Rules (**PSR**) for each product (Annexes 3A/3B and Appendix 3-B-1): further requirements in order to be originating.

For leather products, these requirements can include:

- a change in tariff classification
 - a maximum value of non-originating materials
 - a minimum regional value content
- the EPA allows for Bilateral Cumulation: if a product qualifying as originating in one Party, it is considered as originating in the other Party if that product is used as material in the production of another product in the other Party

RULES OF ORIGIN

Specific Product Rules (PSR)

CHAPTER 41 - RAW HIDES & SKINS and LEATHER

Raw Hides & Skins (Headings 41.01 – 41.03)

- **PSR: Change of Chapter (CC)**
i.e. non-originating materials allowed if classified under another Chapter (i.e. other than CH 41)

Tanned or Crust Hides & Skins (Headings 41.04 – 41.06)

- **PSR: Change of Tariff Heading (CTH)**
i.e. non-originating materials allowed if classified under another Tariff Heading
 - Tanned or crust hides & skins of bovine animals, in the wet state (Sub-Headings 4104.11 – 4104.19)
 - Tanned or crust skins of sheep, without wool on, whether or not split, but not further prepared (Sub-Heading 4105.10)
 - Tanned or crust hides & skins of other animals (of goats, of swine, other than reptiles), whether or not split, but not further prepared, in the wet state (Sub-Headings 4106.21, 4106.31, 4106.91)
 - Tanned or crust hides & skins of other animals, whether or not split, but not further prepared, of reptiles (Sub-Heading 4106.40)
 - in the wet state: **PSR: CTH**
 - in the dry state: **PSR: CTH, or production from non-originating materials in the wet state**

RULES OF ORIGIN

Specific Product Rules (PSR)

Tanned or Crust Hides & Skins (Headings 41.04 – 41.06)- Continued

- **PSR: Change of Sub-Tariff Heading (CTSH)**
 - i.e. non-originating materials allowed if classified under another Sub-Heading
 - Tanned or crust skins from bovine animals in the dry state (Sub-Headings 4104.41 to 4104.49), **except from Sub-Headings 4104.41 to 4104.49**
 - Tanned or crust skins of sheep or lambs, without wool on, in the dry state (Sub-Heading 4105.30)
 - Tanned or crust skins of other animals, without wool on, in the dry state (Sub-Headings 4106.22, 4106.32 and 4106.92)

Finished Leather (Headings 41.07 to 41.15)

- **PSR: CTH**
 - i.e. non-originating materials allowed if classified under another Heading
- but for Headings 41.07 to 41.13 non-originating materials of Sub-Headings 4104.41, 4104.49, 4105.30, 4106.22, 4106.32 and 4106.92 may be used, provided that a re-tanning operation of the tanned or crust hides & skins in the dry state takes place.

RULES OF ORIGIN

Specific Product Rules (PSR)

CHAPTER 42 – ARTICLES OF LEATHER

- **PSR: CC**, or a more flexible **CTH rule** is applicable **provided that**:
 - MaxNOM 45% (EXW): the **value of the non-originating materials** cannot be higher than 45% of the ex-works price of the product, or
 - RVC 60% (FOB): the **minimum regional value content** of a product is 60% of the free on-board price of the product.

CHAPTER 64 - FOOTWEAR

- **PSR: CC**, or a more flexible **CTH rule** is applicable, **except**:
 - from Headings 64.01 to 64.05, **and**
 - from assemblies of uppers affixed to inner soles of subheading 6406.90), **and provided**:
 - MaxNOM 50% (EXW),
 - or**
 - from Headings 64.01 to 64.05, **and**
 - from assemblies of uppers affixed to inner soles of subheading 6406.90), **and provided**:
 - RVC 55% (FOB)

INFORMATION SOURCES

- ▶ EPA text and Annexes:

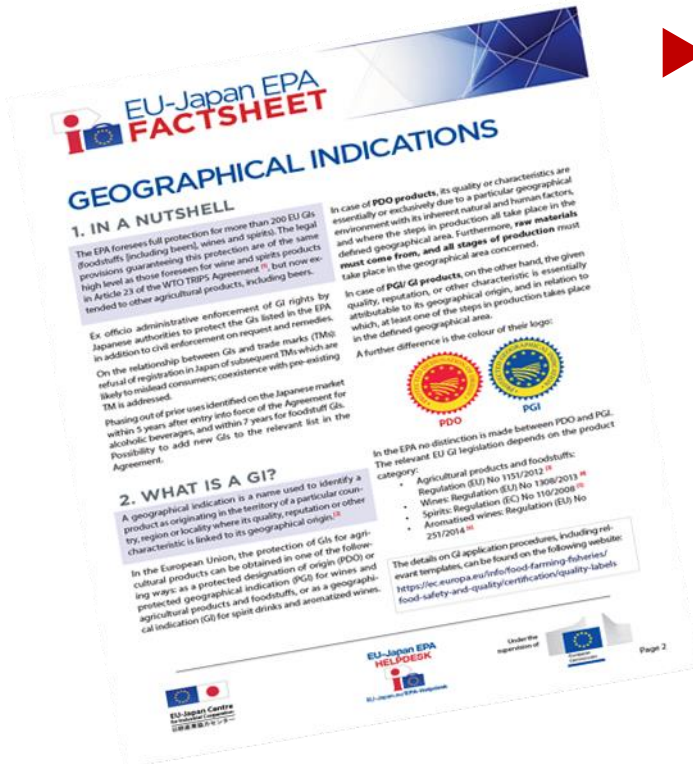
<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>

Of which:

- ▶ Annex 2-A: Schedule and Notes (TRQ, etc);
- ▶ Annex 3-B: Product specific rules of origin;

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

▶ Fiches per sectors and webinars on EPA outcome



- Wines and Spirits
- Geographical Indications
- Meat Products
- Motor Vehicles
- Leather Products
- Forest 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

INFORMATION SOURCES

- ▶ European Commission (DG TAXUD) – Rules of Origin:
 - ▶ https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin_en
 - ▶ https://ec.europa.eu/taxation_customs/business/international-affairs/international-customs-cooperation-mutual-administrative-assistance-agreements/japan_en
 - ▶ https://ec.europa.eu/taxation_customs/sites/taxation/files/eu_japan_epa_guidance_claim_verification_denial_en.pdf

Thank you for your attention

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QUESTIONS ?

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