

# EU – JAPAN EPA

## VEHICLES & PARTS

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

## Product Coverage

HS-Chapter	Description
ex-CH38	Hydraulic brakes fluids – Anti-freezing preparations
ex-CH40	Transmission belts – Tyres – Inner tubes – Articles of vulcanised rubber
ex-CH70	Safety glass
ex-CH73	Nuts of iron or steel – Springs
ex-CH76	Solid profiles of aluminium alloys
ex-CH83	Locks used for motor vehicles – Hinges – Base metal mountings, fittings for motor vehicles
ex-CH84	Piston engines and parts thereof
ex-CH85	Electrical machinery and equipment & parts thereof
ex-CH87	Vehicles other than railway or tramway rolling stock and parts and accessories thereof
ex-CH90	Instrument panel meters, parts and accessories thereof
ex-CH91	Instrument panel clocks
ex-CH94	Seats for motor vehicles

## 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 Vehicles & Parts imported in Japan:
  - 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 (seats used in motor vehicles).
- **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](http://www.customs.go.jp/english/tariff/2019_4/data/e_50.htm)

# EPA Annex 2-C

## Special provisions for Vehicles & Parts

- applies to all vehicles, parts & equipment regulated by 1958 and 1998 Agreements, except for vehicles, parts & equipment used in agriculture and forestry.
- **objectives:**
  - promotion of safety, environmental protection and energy efficiency,
  - trade facilitation between the EU and Japan,
  - Improving international harmonisation of requirements,
  - convergence of regulatory requirements via application of UN Regulations and GTRs
- **as a result:** EU and Japan align themselves to the same international standards.
- accelerated **dispute settlement procedure** on domestic regulatory procedures
- a **safeguard clause** reserves each Party the right to suspend equivalent concessions if other Party does not apply a UN Regulation specified in EPA Annex 2-C-1.

# 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
  
  - the Product Specific Rules (PSR) for each product (Annexes 3A/3B and Appendix 3-B-1): further requirements in order to be originating.
  
  - for vehicles & parts, these requirements can include:
    - a change in tariff classification
    - a maximum value of non-originating materials
    - a minimum regional value content

## BASICS

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**



# RULES OF ORIGIN

## SPECIFIC PRODUCT RULES (PSR)

- **Important:** EPA RoO provisions only apply on imports enjoying EPA preferences, **and do not apply on:**
  - non-preferential imports, or
  - imports with preferences other than EPA (e.g. MFN duty free).
- EPA Appendix 3-B, listing the PSR, only concerns EU products exported to Japan with an EPA preference, **such as:**

Product	PSR
<b>HS3819.00 – Hydraulic brake fluids</b>	<ul style="list-style-type: none"> <li>- <b>CTSH</b>, meaning that non-(EU-Jap.) originating materials can be used in the production of these goods if these materials are classified under another tariff sub-heading, or</li> <li>- a chemical reaction, purification, production of standard materials, isomer separation or biotechnical processing is undergone, or</li> <li>- MaxNOM 50%, or</li> <li>- RVC 55% (FOB)</li> </ul>
<b>HS7318.16 – Nuts of iron or steel</b>	<b>CTH</b> , meaning that non-(EU-Jap.) originating materials can be used in the production of these goods if these materials are classified under another tariff heading

## SPECIFIC PRODUCT RULES (PSR)

Product	PSR
<b>HS7604.29 – Solid profiles of aluminium alloys</b>	<ul style="list-style-type: none"> <li>- <b>CTH</b>, meaning that non-(EU-Jap.) originating materials can be used in the production of these goods if these materials are classified under another tariff heading, and MaxNOM 50% (EXW), or</li> <li>- CTH and RVC 55% (FOB)</li> </ul>
<b>HS8302.10 – Hinges of all kind, of base metal</b>	<ul style="list-style-type: none"> <li>- <b>CTH</b>, meaning that non-(EU-Jap.) originating materials can be used in the production of these goods if these materials are classified under another tariff heading, or</li> <li>- MaxNOM 50% (EXW), or</li> <li>- RVC 55% (FOB)</li> </ul>
<b>HS9401.90 – Parts of seats</b>	<b>CC</b> , meaning that non-(EU-Jap.) originating materials can be used in the production of these goods if these materials are classified under another tariff chapter

# INFORMATION SOURCES

- ▶ EPA text and Annexes:

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

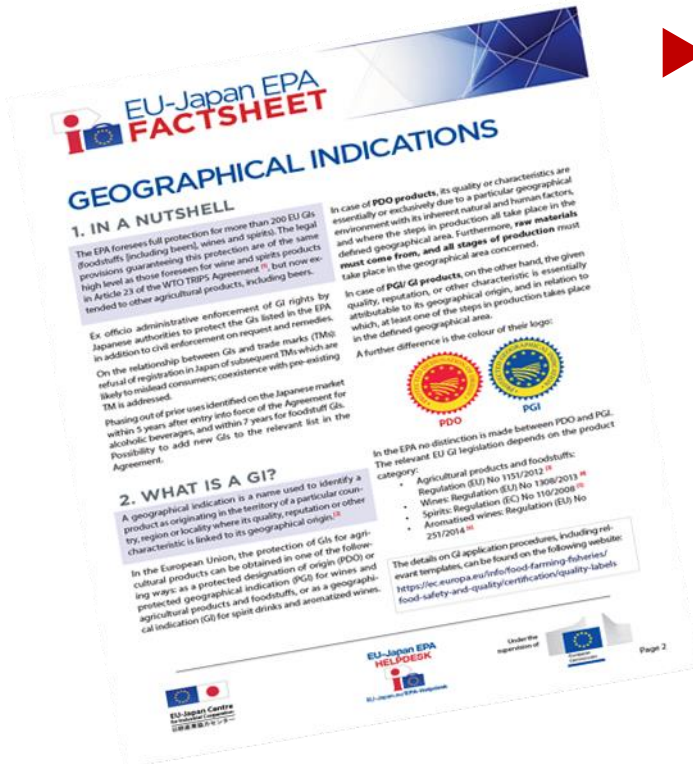
Of which:

- ▶ Annex 2-A: Schedule and Notes;
- ▶ Annex 3-B: Product specific rules of origin;

# INFORMATION SOURCES

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

▶ Fiches per sectors and webinars on EPA outcome



Wines and Spirits
Geographical Indications
SMEs
Forest products
Textiles

## 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](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/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/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](https://ec.europa.eu/taxation_customs/sites/taxation/files/eu_japan_epa_guidance_claim_verification_denial_en.pdf)

Thank you for your attention

Yvan VAN EESBEEK

Consultant at the EU-Japan Centre for Industrial Cooperation

QUESTIONS ?

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.