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

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Under the supervision of
## MARKET ACCESS

### Product Coverage

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

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)
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
RULES OF ORIGIN

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:

<table>
<thead>
<tr>
<th>Product</th>
<th>PSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>HS3819.00 – Hydraulic brake fluids</td>
<td><strong>CTSH</strong>, 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</td>
</tr>
<tr>
<td></td>
<td>- a chemical reaction, purification, production of standard materials, isomer separation or biotechnical processing is undergone, or</td>
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<tr>
<td></td>
<td>- MaxNOM 50%, or</td>
</tr>
<tr>
<td></td>
<td>- RVC 55% (FOB)</td>
</tr>
<tr>
<td>HS7318.16 – Nuts of iron or steel</td>
<td><strong>CTH</strong>, 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</td>
</tr>
</tbody>
</table>
### RULES OF ORIGIN

#### SPECIFIC PRODUCT RULES (PSR)

<table>
<thead>
<tr>
<th>Product</th>
<th>PSR</th>
</tr>
</thead>
</table>
| HS7604.29 – Solid profiles of aluminium alloys | - **CTH**, 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  
- CTH and RVC 55% (FOB) |
| HS8302.10 – Hinges of all kind, of base metal | - **CTH**, 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  
- MaxNOM 50% (EXW), or  
- RVC 55% (FOB) |
| HS9401.90 – Parts of seats | **CC**, 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:

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

<table>
<thead>
<tr>
<th>INFORMATION SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wines and Spirits</td>
</tr>
<tr>
<td>Geographical Indications</td>
</tr>
<tr>
<td>SMEs</td>
</tr>
<tr>
<td>Forest products</td>
</tr>
<tr>
<td>Textiles</td>
</tr>
</tbody>
</table>

EU-Japan EPA FACTSHEET

1. IN A NUTSHELL

2. WHAT IS A GI?

The EPA Helpdesk is available for more than 30 EU products, including cereals, rice and wine. The EPA Helpdesk provides information on the protection of the geographical indication through the EU and national legislation. It also offers information on the relationship between GI and trade issues. The Helpdesk is a tool to support businesses in the EU and Japan to understand and benefit from the protection of their products. The Helpdesk also provides assistance in addressing questions related to the EU-Japan EPA Agreement, including issues of origin and authenticity. The Helpdesk is open to any interested party, including businesses, consumers, and regulatory authorities. The Helpdesk is managed by the EU-Japan EPA Helpdesk, which is located in the EU-Japan EPA Secretariat, and is supported by the EU-Japan EPA Working Group. The Helpdesk provides information on the protection of geographical indications in the EU and Japan, as well as on the legal and regulatory framework for the protection of geographical indications. The Helpdesk also provides assistance in addressing questions related to the EU-Japan EPA Agreement, including issues of origin and authenticity. The Helpdesk is managed by the EU-Japan EPA Helpdesk, which is located in the EU-Japan EPA Secretariat, and is supported by the EU-Japan EPA Working Group. The Helpdesk provides information on the protection of geographical indications in the EU and Japan, as well as on the legal and regulatory framework for the protection of geographical indications. The Helpdesk also provides assistance in addressing questions related to the EU-Japan EPA Agreement, including issues of origin and authenticity. The Helpdesk is managed by the EU-Japan EPA Helpdesk, which is located in the EU-Japan EPA Secretariat, and is supported by the EU-Japan EPA Working Group.
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:


Thank you for your attention

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QUESTIONS?

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