

# FOOTWEAR AND LEATHER PRODUCTS

## PRELIMINARY REMARKS

- *The aim of these Factsheet is to explain to EU exporters of Footwear and Leather products, the market access opportunities offered by the EU-Japan Agreement for an Economic Partnership (EPA) as well as, in a brief overview, the relevant Rules of Origin.*
- *As regards product specification, only the Harmonised System (HS) code system at six-digit level, or the Japanese nomenclature at nine-digit level have been used. For detailed description of the Japanese nomenclature, reference is made to the Japanese Schedule in the Agreement.*
- *In the Japanese Schedule, a **fiscal year** (FY) means the period between 1 April of one year and 31 March of the next year. As the Agreement has entered into force on 1 February 2019, the first year was the period between 1 February 2019 and 31 March 2019. The indication of FY 2019 in below tables refers to the second year.*
- *All quantities are expressed in metric tonnes (t), unless stated otherwise.*
- *The complete text of the EPA, and annexes, incorporating the Schedule of Japan, can be found on the following website of the European Commission: <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>. Japan's tariff Schedule is in Annex 2-A-4; "Notes for the Schedule of Japan" can be found in Annex 2-A-3. These Notes explain inter alia the various types of concessions.*



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# FOOTWEAR AND LEATHER PRODUCTS

## COVERAGE

This Factsheet covers the following products:

- Raw hides and skins (other than furskins) and leather (Chapter 41).
- Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut) (Chapter 42).
- Footwear, gaiters and the like; parts of such articles (Chapter 64).

## 1. MARKET ACCESS

### 1.1. IN A NUTSHELL

• All the products covered by this Factsheet are, or will be liberalised over time. One can distinguish three different categories of liberalisation:

- a) Products which already had duty-free access in Japan before the entering into force of the EPA;
- b) Products whose tariffs were eliminated as an EPA concession at the entry into force of this Agreement on 1 February 2019, and
- c) Products whose tariffs were reduced as an EPA concession at the entry into force of this Agreement, and which will be further phased to zero over a period of time.

• Tariff lines of products for which Japan has set out Tariff Rate Quotas (TRQs)<sup>[1]</sup> in the WTO are as such excluded from EPA concessions. EPA concessions are, however, granted to these products under specific tariff lines<sup>[2]</sup> listed in Japan's EPA Schedule.

• The Schedule of the EPA only lists products which were not liberalised at the entry into force of the EPA. Products which had already duty-free access in Japan before the EPA entered into force (above point a) or which have been liberalised at the entry into force of the Agreement (above point b), **are therefore not listed in the EPA Schedule.**

• **The complete list of all products**, together with the base rates and applied tariffs under the EPA, including those with duty free access, can be found on the website of the Japanese 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). Caution: updates are published regularly with the preferential tariffs of the relevant fiscal year.



[1] WTO tariff rate quotas (TRQs) allow, among WTO Members for lower tariff rates on imports of a product within a specified quantity. Higher tariff rates are to be imposed on imports exceeding that quantity.

[2] These tariff lines are labelled in the Agreement as "other than those for the Pooled Quota".

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### 1.2. CHAPTER 41: RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER

• For a number of products Japan already applied zero duty rates before the entry into force of the EPA Agreement on all imports, i.e. also from other exporting countries. Most of these products are classified under tariff headings 41.01 up to 41.06 included (i.e. raw hides and skins, and tanned or crust hides and skins). As already explained, these tariff lines are not published in Japan's EPA schedule but can be found on the above-mentioned website of Japan's Customs.

Example: Tariff line 410210.000 - Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), with wool on.

• All the other products under this Chapter (in particular headings 41.07 up to 41.15 – leather further prepared, chamois and composition of leather) obtained an EPA concession by means of a duty phasing-out in 10 years i.e. duty free on 1/4/2028, except for three products whose tariffs will be phased-out in 15 years, i.e. duty free on 1/4/2033. These three products are:

- 411410.000: Chamois (including combination chamois) leather – Base rate: 25% - FY 2020 rate: 20.3%
- 411420.010: Patent leather – Metallised leather – Base rate 20% - FY 2020 rate: 16.3%
- 411420.090: Patent leather – other than metallised leather – Base rate 28% - FY 2020 rate: 22.8%.



### 1.3. CHAPTER 42 – ARTICLES OF LEATHER: SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF ANIMAL GUTS (OTHER THAN SILK-WORM GUT)



• Japan did not apply zero duties on any of these products before the entry into force of the EPA, nor have duties been eliminated as an EPA concession when that Agreement entered into force on 1/2/2019.

• However, apart from three tariff lines listed below, all of the Chapter 42 products have duties reduced at the entry into force of the EPA, and further to be phased out to zero in 10 years-time.

• Several of these products have important trade flows from the EU to Japan. Below a brief overview of the duty phasing-out of the most important of these products, ranked according to export-values.

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# EU-Japan EPA **FACTSHEET**

## Footwear & Leather Products

CODE	LABEL	MFN BASE RATE	FY 2019 <sup>[3]</sup>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
420231.200	Articles of a kind normally carried in the pocket or in the handbag, with outer surface of leather, of composition leather or of patent leather, nowhere else specified (n.e.s.)	10%	8.2%	7.3%	6.4%	5.5%	4.5%	3.6%	2.7%	1.8%	0.9%	Free
420291.000	Travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, shopping-bags, map-cases, cigarette-cases, tobacco-pouches, tool bags and similar containers, with outer surface of leather, of composition leather or of patent leather	10%	8.2%	7.3%	6.4%	5.5%	4.5%	3.6%	2.7%	1.8%	0.9%	Free
420292.000	Travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, shopping-bags, map-cases, cigarette-cases, tobacco-pouches, tool bags and similar containers, with outer surface of plastic sheeting or textile materials	8%	6.5%	5.8%	5.1%	4.4%	3.6%	2.9%	2.2%	1.5%	0.7%	Free
420221.210	Handbags (including those without handle), with outer surface of leather or of patent leather, n.e.s.	8%	6.5%	5.8%	5.1%	4.4%	3.6%	2.9%	2.2%	1.5%	0.7%	Free
420232.200	Articles of a kind normally carried in the pocket or in the handbag, with outer surface of plastic sheeting or textile materials, n.e.s.	8%	6.5%	5.8%	5.1%	4.4%	3.6%	2.9%	2.2%	1.5%	0.7%	Free
420221.110	Handbags (including those without handle), combined or trimmed with precious metal, metal clad with precious metal, metal plated with precious metal, precious stones, semi-precious stones, pearls, coral, elephants' tusks or Bekko, more than 6,000 yen/piece in value for customs duty, with outer surface of leather or of patent leather	14%	11.5%	10.2%	8.9%	7.6%	6.4%	5.1%	3.8%	2.5%	1.3%	Free
420231.100	Wallets and purses, combined or trimmed with precious metal, metal clad with precious metal, metal plated with precious metal, precious stones, semi-precious stones, pearls, coral, elephants' tusks or Bekko, more than 6,000 yen/piece in value for customs duty, with outer surface of leather, of composition leather or of patent leather	16%	13.1%	11.6%	10.2%	8.7%	7.3%	5.8%	4.4%	2.9%	1.5%	Free
420310.200	Articles of apparel, of leather or composition leather, n.e.s.	10%	8.2%	7.3%	6.4%	5.5%	4.5%	3.6%	2.7%	1.8%	0.9%	Free
420330.200	Belts and bandoliers, of leather or of composition leather, n.e.s.	12.5%	10.2%	9.1%	8.0%	6.8%	5.7%	4.5%	3.4%	2.3%	1.1%	Free

- Only three Chapter 42 products will have duties phased-out in 15 years-time (i.e. duty free as from 1/4/2033):
  - 1) 420321.210 – Articles of leather – gloves not containing furskin, for use in sports, in baseball – Base rate: 12.5% - FY 2020 rate: 10.2%
  - 2) 420321.290 – Articles of leather – gloves not containing furskin, for use in sports, other than in baseball - Base rate 12.5% - FY 2020 rate: 10.2%
  - 3) 420329.200 – Articles of leather – gloves not containing furskin, other than for use in sports – Base rate 10% - FY 2020 rate: 8.1%.

[3] From 1/4/2019 till 31/3/2020

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### 1.4. CHAPTER 64 – FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES

- As for leather (Chapter 42) products, Japan did not apply zero duties on any of these Chapter 64 products before the entry into force of the EPA, nor have duties been eliminated as an EPA concession when that Agreement entered into force.
- All the import duties, however, have at the entry into force of the EPA Agreement been reduced and will in the long term be eliminated. Consequently, after a period of 10 or 15 years all these products will enter duty free in Japan. Most of the Chapter 64 products are liberalised over 10 years.
- Below a list of the most exported EU footwear products to Japan, gradually liberalised in 10 years.

CODE	LABEL	MFN BASE RATE	FY 2019 <sup>[4]</sup>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
640359.105	Footwear, with outer soles of leather and uppers of leather, with an insole over 19cm, for women, excluding those for "the pooled quota"	21.6%	17.7%	15.7%	13.7%	11.8%	9.8%	7.9%	5.9%	3.9%	2.0%	Free
640391.019	Other footwear, excluding house footwear, covering the ankle, with outer soles of rubber or composition leather and uppers of leather, excluding those for "the pooled quota"	21.6%	17.7%	15.7%	13.7%	11.8%	9.8%	7.9%	5.9%	3.9%	2.0%	Free
640399.016	Other footwear, excluding those covering the ankle and slippers and other house footwear, with outer soles of rubber or composition leather and uppers of leather, with an insole over 19cm, for women, excluding those for "the pooled quota"	21.6%	17.7%	15.7%	13.7%	11.8%	9.8%	7.9%	5.9%	3.9%	2.0%	Free
640399.015	Other footwear, excluding those covering the ankle and slippers and other house footwear with outer soles of rubber or composition leather and uppers of leather, with an insole over 19cm, for men, excluding those for "the pooled quota"	21.6%	17.7%	15.7%	13.7%	11.8%	9.8%	7.9%	5.9%	3.9%	2.0%	Free
640359.104	Footwear, with outer soles of leather and uppers of leather, with an insole over 19cm, for men, excluding those for "the pooled quota"	21.6%	17.7%	15.7%	13.7%	11.8%	9.8%	7.9%	5.9%	3.9%	2.0%	Free
640351.029	Other footwear, covering the ankle, with outer soles of leather and uppers of leather, excluding those for "the pooled quota"	21.6%	17.7%	15.7%	13.7%	11.8%	9.8%	7.9%	5.9%	3.9%	2.0%	Free
640419.290	Other footwear, with outer sole of rubber or plastics and upper of textile materials	8.0%	6.5%	5.8%	5.1%	4.4%	3.6%	2.9%	2.2%	1.5%	0.7%	Free

[4] From 1/4/2019 till 31/3/2020.

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# EU-Japan EPA **FACTSHEET**

## Footwear & Leather Products

• Below all the footwear products gradually liberalised in 15 years:

CODE	LABEL	MFN BASE RATE	FY 2019 <sup>[5]</sup>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
640299.021	Sandals, with outer soles and uppers of rubber or of plastics, not covering the heels, incorporating a protective metal toe-cap	6.7%	5.9%	5.4%	5.0%	4.6%	4.2%	3.8%	3.4%	2.9%	2.5%	2.1%	1.7%	1.3%	0.8%	0.4%	Free
640299.021	Sandals, with outer soles and uppers of rubber or of plastics, not covering the heels, other	10%	8.8%	8.1%	7.5%	6.9%	6.3%	5.6%	5.0%	4.4%	3.8%	3.1%	2.5%	1.9%	1.3%	0.6%	Free
640299.029	Sandals, with outer soles and uppers of rubber or plastics, n.e.s., incorporating a protective metal toe-cap	6.7%	5.9%	5.4%	5.0%	4.6%	4.2%	3.8%	3.4%	2.9%	2.5%	2.1%	1.7%	1.3%	0.8%	0.4%	Free
640299.029	Sandals, with outer soles and uppers of rubber or plastics, n.e.s., other	10%	8.8%	8.1%	7.5%	6.9%	6.3%	5.6%	5.0%	4.4%	3.8%	3.1%	2.5%	1.9%	1.3%	0.6%	Free
640299.090	Other footwear, excluding those covering the ankle, shoes and sandals, with outer soles and uppers of rubber or of plastics, incorporating a protective metal toe-cap	6.7%	5.9%	5.4%	5.0%	4.6%	4.2%	3.8%	3.4%	2.9%	2.5%	2.1%	1.7%	1.3%	0.8%	0.4%	Free
640299.090	Other footwear, excluding those covering the ankle, shoes and sandals, with outer soles and uppers of rubber or of plastics, other	10%	8.8%	8.1%	7.5%	6.9%	6.3%	5.6%	5.0%	4.4%	3.8%	3.1%	2.5%	1.9%	1.3%	0.6%	Free
640359.011	Slippers, with outer soles of leather and uppers of leather	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640391.021	Footwear for gymnastics, athletics or similar activities, covering the ankle, with outer soles of plastics and uppers of leather	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640399.011	Footwear for gymnastics, athletics or similar activities, excluding those covering the ankle, with outer soles of rubber or composition leather and uppers of leather	27%	23.6%	21.9%	20.3%	18.6%	16.9%	15.2%	13.5%	11.8%	10.1%	8.4%	6.8%	5.1%	3.4%	1.7%	Free
640399.021	Slippers; footwear for gymnastics, athletics or similar activities, excluding those covering the ankle, with outer soles of plastics and uppers of leather	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640419.190	Other footwear, with outer sole of rubber or plastics and upper of textile materials, with containing furskin	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free

[5] From 1/4/2019 till 31/3/2020.

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# EU-Japan EPA **FACTSHEET**

## Footwear & Leather Products

CODE	LABEL	MFN BASE RATE	FY 2019 <sup>1)</sup>	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
640420.190	Footwear, with outer soles of leather or composition leather and upper of textile materials, with upper containing furskin	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640420.219	Canvas shoes, with outer sole of leather and upper of textile materials, excluding with uppers containing furskin	21.6%	18.9%	17.6%	16.2%	14.9%	13.5%	12.2%	10.8%	9.5%	8.1%	6.8%	5.4%	4.1%	2.7%	1.4%	Free
640420.229	Footwear, with outer sole of leather and upper of textile materials, excluding with uppers containing furskin	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640510.190	Footwear, with outer soles of leather and uppers of composition leather	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640590.119	Footwear, with outer sole of leather, rubber, plastics or composition leather and with upper of containing furskin, excluding those of leather, composition leather or textile materials	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640590.128	Footwear, with outer sole of leather, excluding those upper of leather, composition leather and textile materials	30%	26.3%	24.4%	22.5%	20.6%	18.8%	16.9%	15.0%	13.1%	11.3%	9.4%	7.5%	5.6%	3.8%	1.9%	Free
640610.110	Footwear uppers, of leather or containing furskin other than stiffeners	25%	21.9%	20.3%	18.8%	17.2%	15.6%	14.1%	12.5%	10.9%	9.4%	7.8%	6.3%	4.7%	3.1%	1.6%	Free
640610.190	Footwear, parts thereof, of leather or containing furskin other than stiffeners	25%	21.9%	20.3%	18.8%	17.2%	15.6%	14.1%	12.5%	10.9%	9.4%	7.8%	6.3%	4.7%	3.1%	1.6%	Free
640690.110	Part of footwear, excluding outer soles and heels, of rubber or plastics and upper; removable in-soles, heel cushions and similar articles of leather, whether or not containing furskin	25%	21.9%	20.3%	18.8%	17.2%	15.6%	14.1%	12.5%	10.9%	9.4%	7.8%	6.3%	4.7%	3.1%	1.6%	Free
640690.121	Part of footwear, excluding outer soles and heels, of rubber or plastics and upper; removable in-soles, heel cushions and similar articles, of wood with containing furskin	25%	21.9%	20.3%	18.8%	17.2%	15.6%	14.1%	12.5%	10.9%	9.4%	7.8%	6.3%	4.7%	3.1%	1.6%	Free
640690.129	Part of footwear, excluding outer soles and heels, of rubber or plastics and upper; removable in-soles, heel cushions and similar articles, of other than wood or leather, with containing furskin	25%	21.9%	20.3%	18.8%	17.2%	15.6%	14.1%	12.5%	10.9%	9.4%	7.8%	6.3%	4.7%	3.1%	1.6%	Free

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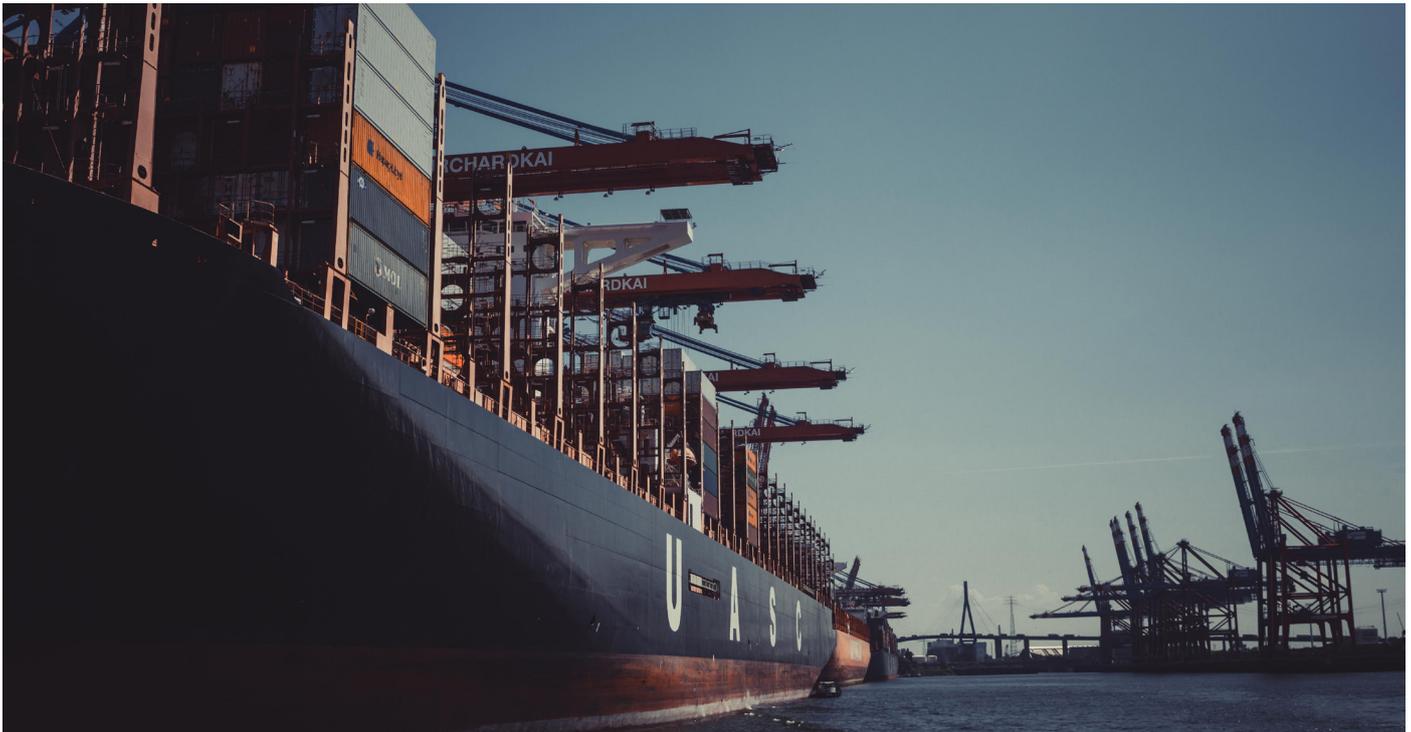




## 2. RULES OF ORIGIN

### 2.1. GENERAL

- To benefit from EPA preferential tariff rates, the product needs to be originating in Japan or the EU. In order to be considered 'originating', the product needs to comply with the provisions "Rules of Origin" of Chapter 3 Section A and the Product Specific Rules – PSR - (Annexes 3-A, 3-B) of the Agreement<sup>[6]</sup>.
- A product shall be considered as 'originating' in the other Party if:
  - Wholly obtained or produced products as provided for in Art. 3.3 of the Agreement;
  - Products produced exclusively from materials originating in the Party (EU or Japan);
  - Products produced using non-originating materials, provided they satisfy all applicable requirements of Annex 3-B (PSR).
- The **Chapter 3 Section A** includes provisions allowing more flexibility to comply with these Product Specific rules (tolerance, bilateral full cumulation, absorption rule etc.).
- **Chapter 3 Section B** ("Origin procedures") of the EPA sets out the procedures to claim preferential treatment. The EPA is based on the self-certification system, therefore the EU or Japanese exporters self-certify that the product is originating by making a statement on origin in line with Chapter 3, Section A including its Annex 3-D ("Text of the statement on origin" – can be found on [http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc\\_157231.pdf#page=149](http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc_157231.pdf#page=149) ). Moreover, the EPA gives for the first time a possibility for the importers to claim preferential tariff treatment on the basis of 'importer's knowledge', which contributes to trade facilitation for the related companies.



[6] More information can be found on the following websites: European Commission (DG TRADE): <http://madb.europa.eu/madb/viewPageFPublic.htm?doc=ppo&hscod=0402&countryid=JP>  
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)

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- **Annex 3-A** contains Introductory Notes to Annex 3-B (the Product Specific Rules of Origin).
  - It includes a number of definitions, including the below listed:
    - o “**Chapter**” means the first two-digits in the tariff classification number under the Harmonized System;
    - o “**Heading**” means the first four-digits in the tariff classification number under the Harmonized System;
    - o “**Subheading**” means the first six-digits in the tariff classification number under the Harmonized System;
    - o “**Wholly obtained**”: EU/JPN origin is required.
    - o “**CC (Change of Chapter)**” means that non-(EU/JPN) originating materials (imported from non-contracting parties) may be used in the production of the goods concerned, if these materials are classified under another tariff chapter of the goods in the HS classification system (at 2-digit level).
    - o “**CTH (Change of Tariff Heading)**” means that non-(EU/JPN) originating materials (imported from non-contracting parties) may be used in the production of the goods concerned, if these materials are classified under another tariff heading of the goods in the HS classification system (at 4-digit level).
    - o “**CTSH (Change of Tariff Sub-Heading)**” means that non-(EU) originating materials (imported from non-contracting parties) may be used in the production of the goods concerned, if these materials are classified under another tariff sub-heading of the goods in the HS classification system (at 6-digit level).
- Product Specific Rules of Origin (PSR) are laid down in **Annex 3-B** of the Agreement. This annex sets out (per 4 or 6-digit tariff heading) the requirements to be originating. Further to the three conditions specified under the above 2nd indent, these requirements can be:
  - a change in tariff classification,
  - a production process,
  - a maximum value of non-originating materials, or a minimum regional value content, or
  - any other requirement specified in Annex 3-A and in Annex 3-B (PSR).

## 2.2. SPECIFIC RULES AS REGARDS LEATHER AND FOOTWEAR PRODUCTS

### 2.2.1. CHAPTER 41 - RAW HIDES & SKINS, LEATHER AND ARTICLES THEREOF

#### 2.2.1.1. Raw hides & Skins (Headings 41.01 – 41.03)

• **PSR rule: CC** - meaning that non-(EU/Japan) originating materials, i.e. imported from non-contracting Parties, can be used in the production of these goods if these materials are classified under a Chapter other than Chapter 41. That implies that raw hides & skins (Headings 41.01 to 41.03) need to be EU originating in order to obtain EPA preference in Japan. On the other hand, non-Chapter 41 products used in the production of raw hides & skins, such as live animals, salt, etc., can be imported from 3rd countries.



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### 2.2.1.2. Tanned or crust hides & skins (Headings 41.04 – 41.06)

• There are two main PSR rules under these Headings: **CTH and CSTH**

• **CTH rule** for:

- Tanned or crust hides & skins of bovine or equine animals, in the wet state (including wet-blue) (Sub-Headings 4104.11 – 4104.19): - meaning that non-(EU/Japan) originating materials, i.e. imported from non-contracting Parties, can be used in the production of these goods if these materials are classified under a Heading other than Heading 4104.
- 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 and skins of other animals, whether or not split, but not further prepared, in the wet state (including wet-blue) – (Sub-Headings 4106.21, 4106.31)
- Tanned or crust hides and skins of other animals, whether or not split, but not further prepared, of reptiles (Sub-Heading 4106.40):
  - o In the wet state (including wet-blue): PSR rule: CTH.
  - o In the dry state: PSR rule: CTH, or production from non-originating materials in the wet state. As a consequence, any non- originating materials in the wet state would be allowed in the production of tanned or crust hides and skins of other animals, whether or not split, but not further prepared, of reptiles, in the dry state.
- Tanned or crust hides and skins of other animals, whether or not split, but not further prepared, of other animals, in the wet state (including wet-blue) – (Sub-Heading 4106.91) PSR rule: CTH.

• **CSTH rule** for:

- Tanned or crust skins of bovine or equine animals, in the dry state (crust) (Sub-Headings 4104.41 to 4104.49): PSR rule: CSTH except from subheadings 4104.41 to 4104.49 - meaning that non-(EU/Japan) originating materials, i.e. imported from non-contracting Parties, can be used in the production of these goods if these materials are classified under a Sub-Heading other than Sub-Headings 4104.41 to 4104.49. Therefore, a non-originating material classified for instance under Sub-Heading 4104.42 is not allowed for obtaining the origin of a product classified under Sub-Heading 4104.41. According to the exception in the PSR, origin cannot be conferred just by splitting the hides. More processes are required, e.g. splitting and re-tanning.
- Tanned or crust skins of sheep or lambs, without wool on, whether or not split, but not further prepared, in the dry state (crust) – (Sub-Heading 4105.30).
- Tanned or crust skins of other animals, without wool on, whether or not split, but not further prepared, in the dry state (crust) – (Sub-Headings 4106.22, 4106.32, and 4106.92).

### 2.2.1.3. Finished leather<sup>[7]</sup> (Headings 41.07 to 41.15) - **PSR rule: CTH**

• For leather further prepared after tanning or crusting (Headings 41.07 to 41.13), the CTH rule applies **with the exception from Headings of tanned and crust hides and skins in the dry state** (4104.41, 4104.49, 4105.30, 4106.22, 4106.32, 4106.92) which require re-tanning and finishing operations to confer origin. The CTH from those headings would allow the simple finishing. And finally, a CTH rule applies on Chamois leather and Composition leather (resp. 41.14 and 41.15)

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[7] Including Chamois and Composition Leather.



### 2.2.2. CHAPTER 42 - ARTICLES OF LEATHER, SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF ANIMAL GUT (OTHER THAN SILK-WORM GUT)

**2.2.2.1.** The PSR rules for Chapter 42 provide for different options: A **CC rule** applies to all Chapter 42 products, or a more flexible **CTH rule** can be applied if one of the two following conditions are satisfied:

- the MaxNOM is 45% EXW (meaning that the value of the non-originating materials cannot be higher than 45% of the ex-works price of the product paid or payable to the manufacturer in who's undertaking the last working or processing is carried out)

**or**

- the RVC is 60% FOB (meaning that minimum regional value content of a product is 60% of the free on-board price of the product paid or payable to the seller regardless of the mode of shipment.)

### 2.2.3. CHAPTER 64 - FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES

- A **CC rule** applies to all Chapter 64 products (Headings 64.01 to 64.06), or a more flexible **CTH rule** can be applied if one of the two following conditions are satisfied:

- CTH, except:

- o from headings 64.01 to 64.05<sup>[8]</sup>, and
- o from assemblies of uppers affixed to the inner soles of Sub-Headings 6406.90<sup>[9]</sup>, and
- o MaxNOM of 50% (EXW),

**or**

- CTH except:

- o from headings 64.01 to 64.05, and
- o from assemblies of uppers affixed to the inner soles of Sub-Headings 6406.90, and
- o RVC of 55% (FOB).

More information on RoO can be found in the relevant Factsheet and Guidelines, published on the website of the EU-Japan Centre.



**[8]** Meaning that non-(EU/Japan) originating materials can be used in the production of these goods if these materials are classified under a Heading other than Headings 64.01 to 64.05.

**[9]** Sub-Heading 6406.90: Parts of footwear other than uppers and parts thereof and other than outer soles and heels, of rubber and plastics.

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





## DISCLAIMER

*The Report has been prepared with the sole purpose of clarifying and simplifying the understanding of some parts of the EU-Japan EPA related to footwear and leather products, and bear therefore no legal standing. While utmost care was taken in the preparation of the report, the author, the EU-Japan Centre, and the European Commission cannot be held responsible for any error or omission. This report does not constitute legal advice in terms of business development cases. As a result, only the legal text and annexes of the EU-Japan EPA, as well as relevant legislation in the EU and Japan prevail. The Report reflects the view of the author who cannot be held responsible for any use which may be made of the information contained herein.*



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