EU – JAPAN EPA

DAIRY 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

July 2018
Signature

1/2/2019
Entry into Force

PROMOTION & INFORMATION

INCREASE MARKET SHARE EU PRODUCTS

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Under the supervision of
OVERVIEW

- What the EPA is offering.
- Some trade data …
- Market Access
  - Cheeses
  - Butter and SMP
  - Whey products
  - Other dairy products
- Geographical Indications
- Rules of Origin
- Information sources
## A FEW HIGHLIGHTS OF WHAT’S THE EPA IS OFFERING

<table>
<thead>
<tr>
<th>Main Products</th>
<th>Before EPA</th>
<th>EPA Tariff</th>
<th>EPA TRQ</th>
<th>Transition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard cheeses</td>
<td>29.8%</td>
<td>Free trade</td>
<td></td>
<td>15 years</td>
</tr>
<tr>
<td>Other cheeses</td>
<td>22.4%-40%</td>
<td>0% within TRQ</td>
<td>TRQ: 20000t to 31000t</td>
<td>15 years</td>
</tr>
<tr>
<td>Butter, SMP &amp; condensed milk</td>
<td>21.3% + 396 Yen/kg - 29.8% + 1159 Yen/kg</td>
<td>Phasing-out specific duties</td>
<td>TRQ: 12857t to 15000t</td>
<td>10 years</td>
</tr>
<tr>
<td>SMP for feeding</td>
<td>396 – 425 Yen/kg</td>
<td>Duties reduced by 95%</td>
<td></td>
<td>5 years</td>
</tr>
<tr>
<td>Whey products</td>
<td>29.8% + (425 - 1023 Yen/kg)</td>
<td>0% within TRQ</td>
<td>TRQ: 6200t to 9400t</td>
<td>5 years</td>
</tr>
</tbody>
</table>
MAIN EU DAIRY EXPORTS TO JAPAN (mio €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cheese</th>
<th>Milk powder and whey</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>215</td>
<td>38</td>
</tr>
<tr>
<td>2014</td>
<td>225</td>
<td>53</td>
</tr>
<tr>
<td>2015</td>
<td>265</td>
<td>54</td>
</tr>
<tr>
<td>2016</td>
<td>283</td>
<td>31</td>
</tr>
<tr>
<td>2017</td>
<td>385</td>
<td>58</td>
</tr>
</tbody>
</table>
MARKET ACCESS: CHEESES

- **Hard cheeses**: the bulk of EU quality cheeses
  - base rate duties (up to 29.8%) gradually eliminated.
  - **duty free** as from 1/4/2033

Examples:
leading EU cheeses: cheddar, gouda,

and GI cheeses: Parmigiano Reggiano, Edam Holland
CHEESES

TRQ for fresh, soft and processed cheeses with base rates duties (up to 40%) to become zero by 1/4/2033

Continued growth based on cheese consumption growth in Japan

1/4/2019: 20.600 t
1/4/2033: 31.000 t

Including: mozzarella, blue veined cheeses, brie, Feta ...

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WHEY PRODUCTS

• Various types of preferences in function of the product in function of protein, mineral and sugar content; etc.

• Mineral concentrated whey, whey infant formula and whey permeate:

  TRQ

  Gradual in-quota duty reduction
  Duty free as from 1/4/2023

  6520t
  1/4/2019

  9400t
  1/4/2028

• Other whey products: duty free between 1/4/2023 and 1/4/2028, or gradual duty reduction by 50 to 70% of the base rate in 5 to 10 years.
Safeguard Measure for whey protein concentrate and whey powder

- **WPC**
  - trigger: 2000t to 7438t on 1/4/2037; to increase indefinitely by 573t/yr.

- **Whey powder**
  - trigger: 2300t to 5190t on 1/4/2032; to increase indefinitely by 458t/yr.

- **SG measure to be definitely abolished is not applied for a number of years after a given period.**
OTHER DAIRY

- Skimmed milk powder (SMP) & Butter:
  - Important TRQ together with butter

**TRQ SMP & Butter**

- To note: SMP for feeding: 95% tariff reduction in 6 yrs.
- Lactose, some ice cream and food preparation based on dairy: tariff elimination

Mark-ups eliminated as from 1/4/2028 ad valorem duties remain

13.286t
1/4/2019

15.000t
as from
1/4/2023
GEOGRAPHICAL INDICATIONS

Full protection for 210 EU GIs, among which more than 25 cheeses.

- 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

- PSR dairy products manufacturing:
  - Chapter 4 products: wholly obtained
  - Non-chapter 4 products: can be of non-EU origin.

**Example**
EU yoghurt imported in Japan under EPA preference:
the milk (CH4) used in the production must be of EU origin;
the sugar (CH17) can be of non-EU origin.

- More RoO details in the relevant Factsheet published on the website of the EU-Japan Centre.
INFORMATION SOURCES

- EPA text and Annexes:

  Of which:
  - Annex 2-A: Schedule and Notes (TRQ, etc);
  - Annex 2-E: Facilitation of wine export;
  - Annex 3-B: Product specific rules of origin;
  - Annex 14-B: GIs.
INFORMATION SOURCES

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

► Fiches per sectors and webinars on EPA outcome

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 April</td>
<td>Wines and Spirits</td>
</tr>
<tr>
<td>7 May</td>
<td>Geographical Indications</td>
</tr>
<tr>
<td>21 May</td>
<td>Dairy Products</td>
</tr>
<tr>
<td>11 June</td>
<td>Meat Products</td>
</tr>
<tr>
<td>18 June</td>
<td>Processed Agricultural Products</td>
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</tbody>
</table>
Overall import conditions in Japan:

European Commission DG TRADE “Market Access Database”:
http://madb.europa.eu/madb/indexPubli.htm

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

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:

► European Commission: Geographical Indications
Thank you for your attention

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QUESTIONS ?

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