EU – JAPAN EPA

TARIFF RATE QUOTAS
TRQs

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

INCREASE MARKET SHARE EU PRODUCTS

PROMOTION & INFORMATION

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Under the supervision of
What is a TRQ within the EPA?

• Under the EPA: 25 TRQs for EU agri-food products.

• A TRQ allows for imports at a reduced duty ("in-quota rate") within the limit of a specified annual quantity ("TRQ volume").

• The TRQ volumes are allocated to applicants (importers) by Japanese authorities according to guidelines.

• The imports done outside the TRQs are subject to the base (MFN) rate.

• The TRQ volumes are either fixed, or increase on an annual basis by a specified growth factor. TRQ quantity levels remain for ever at last year’s level except for the cheese TRQ: indefinite grow in function of Japan’s cheese consumption.

• The “in-quota” rate:
  - can be a fixed lower or zero duty, or
  - be annually reduced to a fixed rate, or to zero.

→ Annual volumes and rates are specified in Annex 2-A Part 3 in the EPA text.
A few examples …

**Food preparations containing cocoa** (for the production of chocolate)
Product concerned: 180620.290
Base rate: 21.3%

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity (t)</td>
<td>526</td>
<td>612</td>
<td>698</td>
<td>784</td>
<td>870</td>
<td>956</td>
<td>1042</td>
<td>1128</td>
<td>1214</td>
<td>1300</td>
</tr>
<tr>
<td>In-quota rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DUTY FREE

**Prepared edible fats and oils**
Product concerned: 210690.291
Base rate: 21.3%

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>380</td>
<td>400</td>
<td>420</td>
<td>440</td>
<td>460</td>
<td>480</td>
<td>500</td>
<td>520</td>
<td>540</td>
<td>560</td>
</tr>
<tr>
<td>In-quota rate</td>
<td>19.4%</td>
<td>18.4%</td>
<td>17.4%</td>
<td>16.5%</td>
<td>15.5%</td>
<td>14.5%</td>
<td>13.6%</td>
<td>12.6%</td>
<td>11.6%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

In-quota rate

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TRQ Management Systems

2 Main Systems

TRQ Volume Allocation Procedure
- Lottery system
- Proportional distribution

Simultaneous Buy & Sell System
# Main TRQs and relevant Procedure

<table>
<thead>
<tr>
<th>Cheeses</th>
<th>2019</th>
<th>2033</th>
<th>Procedure: TRQ. Volume Allocation Procedure by Lottery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quota Vol.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shredded</td>
<td>20600t</td>
<td>31000t</td>
<td></td>
</tr>
<tr>
<td>In-quota Tar.</td>
<td>19.6%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Fresh, cream and blue veined</td>
<td>26.1%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>In-quota Tar.</td>
<td>35.0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Powdered and processed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-quota Tar.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quota Vol.</td>
<td>185700t</td>
<td>185700t</td>
<td>Procedure: TRQ. Volume Allocation Procedure by Proportional Distribution</td>
</tr>
<tr>
<td>In-quota Tar.</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

*Indefinite grow in function of Japan’s cheese consumption*
## Main TRQs and relevant Procedure

<table>
<thead>
<tr>
<th>Milk powder for chocolate preparation</th>
<th>2019</th>
<th>2028</th>
<th>Procedure: TRQ. Volume Allocation Procedure by Proportional Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quota Vol.</td>
<td>6312t</td>
<td>15940t</td>
<td></td>
</tr>
<tr>
<td>In-quota Tar.</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wheat flour &amp; pellets</th>
<th>2019</th>
<th>2023</th>
<th>Procedure: Simultaneous Sell &amp; Buy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quota Vol.</td>
<td>3800t</td>
<td>4200t</td>
<td></td>
</tr>
<tr>
<td>In-quota Tar.</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Details of all TRQs: TRQ Factsheet published by EU-Japan Centre
TRQ Volume Allocation Procedure

• Applied on most of the TRQs (and to the most important TRQs for EU exports, cheeses, dairy products, processed products etc.)

• The allocated volume can be imported during the entire ongoing fiscal year.

• Application periods: January, July and November.

• Entire TRQ volume made available in 1st period.
TRQ Management Systems

TRQ Volume Allocation Procedure

• If the quantity requested by applicants < TRQ volume: 2\textsuperscript{nd} application period opened. Same for 3\textsuperscript{rd} period.

• If requested quantities < available quantity: applicants get requested quantities.

• If requested quantities > available quantity: allocation via:

  Lottery among the applicants  OR  Proportional Distribution

  \[ \text{Proportional Distribution} = \frac{\text{ratio requested quantity}}{\text{available quantity}} \]
TRQ Volume Allocation Procedure

Required Documentation

Varies according to each TRQ
Details in *ad hoc* “Announcement” published for each TRQ: [https://madb.europa.eu/madb/fta_japan.htm#trq-1](https://madb.europa.eu/madb/fta_japan.htm#trq-1) (Coming soon)

A few examples of required documents

• TRQ application form
• Registration certificate or certificate of residence
• Lists of recorded and planned quantities / Certification potential purchaser’s intent to buy the goods
• Import plan, including total requested quantity and import schedule, list of planned quantity

Nota bene
If no changes to the details of the documents in subsequent application: some of the required documentation might no longer be necessary!
Use of allocated volume

- TRQ volumes are allocated to Japanese importers.
- Allocated volumes are not transferable.
- They can be imported (“custom cleared”) at any time through 31 March.
- Unused allocated volume may be returned by the end of September of the year they were obtained.
- Applicants not having entirely used the allocated volume and not returned the unused allocated quantity by the above deadline, will be penalised.
TRQ Volume Allocation Procedure

Standard Allocation Schedule

1st Allocation
DEC N-1 Announcement of TRQ instructions
JAN N Application period
MAR N Announcement allocation results
APR N Issuing of certificates for allocated volumes
MAY N Announcement of remaining TRQ quantities

2nd Allocation (if left over from the previous period)
JUL N Announcement of the available TRQ quantities
AUG N Announcement of the 2nd period allocation results
SEP N Announcement of the remaining TRQ quantities
TRQ Management Systems

TRQ Volume Allocation Procedure

**Standard Allocation Schedule**

<table>
<thead>
<tr>
<th>Period</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOV N</td>
<td>Announcement of the available TRQ quantities</td>
</tr>
<tr>
<td>DEC N</td>
<td>Announcement of the 3(^{rd}) period allocation results. Issuing of certificates for allocated volumes</td>
</tr>
<tr>
<td>JAN N+1</td>
<td>Announcement of remaining TRQ quantities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3(^{rd}) Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(if left over from the previous periods)</td>
</tr>
</tbody>
</table>

**Period for returning unused allocated volumes**

From APR N to SEP N
TRQ Management Systems

Simultaneous Buy & Sell System

• SBS system manages 6 (cereal based) TRQs:
  - Wheat products
  - Wheat flour, pellets, rolled and food preparations
  - Wheat
  - Barley flour, groats and pellets
  - Food preparations of barley
  - Barley

• MAFF decides on (highest) bids between importers and distributors on the offered TRQ shares.
• MAFF only accepts the bid with the highest **Mark-Up**.

**Mark-Up**
is the difference between the selling price asked by the importer and the buying price offered by the distributor
REMARKS

• Quantities of 2 dairy TRQs are expressed in whole milk equivalent. Conversion factors apply for each product concerned.

• Specific technical and/or quantitative import conditions apply on certain quotas (e.g. starch)

• Product specific rules (rules of origin) should be respected to benefit from the preferential treatment under the TRQs

More details in Annex 2-A-3 Section B of the EPA or in the TRQ Factsheet published by the EU-Japan Centre for Industrial Cooperation.
**Information Sources**

- **EPA Helpdesk:** [https://www.eu-japan.eu/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>
</tr>
<tr>
<td>December</td>
<td>TRQ</td>
</tr>
</tbody>
</table>
Information Sources

- EPA text and Annexes:

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

► 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

Yvan VAN EESBEEK
Consultant at the EU-Japan Centre for Industrial Cooperation

QUESTIONS ?

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