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

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Under the supervision of
# Market Access
## 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>
In General:

- All EU Footwear & Leather products:
  - 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.

- 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)
Market Access

In Detail:

CH 41: Raw Hides & Skins and Leather

- Headings 41.01 – 41.06 (hides & skins not further prepared)
  - large majority already duty free at MFN level
  - others – including those outside ‘pooled quota’ - EPA duty phasing-out in 10 years

- Headings 41.07 – 41.15 (leather further prepared)
  - most tariffs phased out in 10 years
  - a few products (chamois and patent leather): 15 years
In Detail:

CH 42 – Articles of Leather
- All duties will be phased out in 10 years, except:
  - 3 tariff lines (including leather gloves used in sport): 15 years

CH 64 – Footwear products
- All duties will be phased out in 10 or 15 years
Rules Of Origin

Basics

Specified by product in the Product Specific Rules of Origin (PSR) – Annex 3-B

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**

PSR may contain product-specific exceptions/conditions !!
**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
    - provisions regarding cumulation, tolerances etc., claim for preferential treatment, self-certification system
  - the Product Specific Rules (PSR) for each product (Annexes 3A/3B and Appendix 3-B-1): further requirements in order to be originating.

For leather products, these requirements can include:

- a change in tariff classification
- a maximum value of non-originating materials
- a minimum regional value content

- the EPA allows for **Bilateral Cumulation**: if a product qualifying as originating in one Party, it is considered as originating in the other Party if that product is used as material in the production of another product in the other Party
Specific Product Rules (PSR)

CHAPTER 41 - RAW HIDES & SKINS and LEATHER

Raw Hides & Skins (Headings 41.01 – 41.03)

- PSR: Change of Chapter (CC)
  - i.e. non-originating materials allowed if classified under another Chapter (i.e. other than CH 41)

Tanned or Crust Hides & Skins (Headings 41.04 – 41.06)

- PSR: Change of Tariff Heading (CTH)
  - Tanned or crust hides & skins of bovine animals, in the wet state (Sub-Headings 4104.11 – 4104.19)
  - Tanned of crust skins of sheep, without wool on, whether or not split, but not further prepared (Sub-Heading 4105.10)
  - Tanned or crust hides & skins of other animals (of goats, of swine, other than reptiles), whether or not split, but not further prepared, in the wet state (Sub-Headings 4106.21, 4106.31, 4106.91)
  - Tanned or crust hides & skins of other animals, whether or not split, but not further prepared, of reptiles (Sub-Heading 4106.40)
    - in the wet state: PSR: CTH
    - in the dry state: PSR: CTH, or production from non-originating materials in the wet state
**Rules Of Origin**

**Specific Product Rules (PSR)**

**Tanned or Crust Hides & Skins** (Headings 41.04 – 41.06) - Continued

- **PSR: Change of Sub-Tariff Heading (CTSH)**
  - Tanned or crust skins from bovine animals in the dry state (Sub-Headings 4104.41 to 4104.49), except from Sub-Headings 4104.41 to 4104.49
  - Tanned of crust skins of sheep or lambs, without wool on, in the dry state (Sub-Heading 4105.30)
  - Tanned of crust skins of other animals, without wool on, in the dry state (Sub-Headings 4106.22, 4106.32 and 4106.92)

**Finished Leather** (Headings 41.07 to 41.15)

- **PSR: CTH**
  - but for Headings 41.07 to 41.13 non-originating materials of Sub-Headings 4104.41, 4104.49, 4105.30, 4106.22, 4106.32 and 4106.92 may be used, provided that a re-tanning operation of the tanned or crust hides & skins in the dry state takes place.
CHAPTER 42 – ARTICLES OF LEATHER

- **PSR: CC**, or a **CTH rule** is applicable provided that:
  
  - MaxNOM 45% (EXW): the value of the non-originating materials cannot be higher than 45% of the ex-works price of the product, or
  - RVC 60% (FOB): the minimum regional value content of a product is 60% of the free on-board price of the product.

CHAPTER 64 - FOOTWEAR

- **PSR: CC**, or a **CTH rule** is applicable, except:
  
  - from Headings 64.01 to 64.05, and
  - from assemblies of uppers affixed to inner soles of subheading 6406.90), and
  - MaxNOM 50% (EXW),
  or
  - from Headings 64.01 to 64.05, and
  - from assemblies of uppers affixed to inner soles of subheading 6406.90), and
  - RVC 55% (FOB)
INFORMATION SOURCES


Of which:

- Annex 2-A: Schedule and Notes (TRQ, etc);
- 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>Date</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 April 19</td>
<td>Wines and Spirits</td>
</tr>
<tr>
<td>7 May 19</td>
<td>Geographical Indications</td>
</tr>
<tr>
<td>21 May 19</td>
<td>Dairy Products</td>
</tr>
<tr>
<td>11 June 19</td>
<td>Meat Products</td>
</tr>
<tr>
<td>18 June 19</td>
<td>Processed Agricultural Products</td>
</tr>
<tr>
<td>28 Jan 20</td>
<td>Fruit &amp; Vegetables</td>
</tr>
</tbody>
</table>

INFORMATION SOURCES
INFORMATION SOURCES

- Overall import conditions in Japan:

- Japan’s Customs:
  http://www.customs.go.jp/english/c-answer_e/imtsukan/1524_e.htm
European Commission (DG TAXUD) – Rules of Origin:

Thank you for your attention

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Consultant at the EU-Japan Centre for Industrial Cooperation

QUESTIONS?

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