SMALL AND MEDIUM-SIZED ENTERPRISES

PRELIMINARY REMARKS

- The aim of these Factsheet is to explain the provisions of the EU-Japan Agreement for an Economic Partnership (EPA) related to EU Small and Medium-Sized Enterprises (SMEs).
- 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.
- 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.
1. THE EPA AGREEMENT AND SMEs

- The EU-Japan EPA entered into force on 1 February 2019.
- The Agreement allows for a strengthening of the bilateral economic relations in a market of more than 573 million inhabitants\(^1\).
- SMEs in both Parties, representing more than 50% of economic output, can take advantage of this Agreement as it facilitates trade and reduces costs.
- As a result, eliminated or reduced tariffs, in combination with a simplification of rules and provisions on investment, joint ventures and other business relationships, create important trade opportunities.
- Given the importance of being informed about these benefits offered by the Agreement, the EPA contains a specific Chapter\(^2\) facilitating SME’s access to information in both Parties as regards inter alia duty elimination/reduction, import requirements, customs procedures, rules of origin (RoO), etc.
- SMEs can furthermore find detailed information about trade benefits offered by the Agreement in the Factsheets published by the EU-Japan Centre for Industrial Cooperation, as well as in related webinars organised by the same Centre. More details can be found on the following pages.

\(^2\) Chapter 20 of the Agreement.
2. EPA CHAPTER 20 – SMALL AND MEDIUM-SIZED ENTERPRISES

2.1. GENERAL

• In order to permit SMEs to take full advantage of the EPA, and to boost SMEs to trade and to invest in EU and Japanese markets, a specific Chapter has been included in the Agreement, allowing increased transparency.

• In this context each Party has created a specific website with information relevant to SMEs seeking access to its market.

• Contact points have furthermore been established in each Party for the proper implementation of this Chapter.

• The SME Chapter complements other SME related provisions contained in the Agreement (see below).[3]

2.2. SPECIFIC WEBSITES

• With a view to maximise information sharing, each Party had to establish a publicly accessible website.

• The respective URLs are:
  - Japan: https://www.mofa.go.jp/ecm/ie/page23e_000546.html and:
    - In English: https://www.mofa.go.jp/policy/economy/page6e_000013.html
    - In Japanese: https://www.mofa.go.jp/mofaj/gaiko/page6_000042.html

• These websites provide useful information, for SMEs, including:
  - The full EPA text & annexes;
  - The relevant website of the other Party;
  - Customs legislation and procedures and other information required for import from, export to or transit through the respective Party;
  - Laws and regulations concerning intellectual property rights;
  - Technical regulations and standards, including food labelling, organic, pharmaceuticals and medical devices, vehicles, consumer product safety, etc.;
  - Sanitary and phytosanitary measures, including animal quarantine, plant protection, agricultural chemicals, etc.;
  - Notices for public government procurement;
  - Taxes collected during the importation procedures;
  - Links to databases that include information regarding access to the respective markets, for example:
    - custom duty rates;
    - customs and other fees;
    - rules of origin;
    - country of origin marking requirements.

• Several parts of the Japanese website are, unfortunately, not translated in English.

[3] More information can be found on the following websites:
Japan’s Customs: http://www.customs.go.jp/english/c-answer_e/imtsukan/1524_e.htm

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- The EU Website contains furthermore information on extra support, including links to the:

- “EU-Japan Centre for Industrial Cooperation” containing a broad range of support and information to SMEs that are interested in exporting to Japan. The Centre has furthermore an EPA Helpdesk aiming to support and guide EU SMEs in their search for information on the opportunities offered by the EPA. It replies to related queries, publishes factsheets and organises webinars, both on specific EPA trade opportunities per sector. The Centre has offices in Brussels and Tokyo. A complete list of the Centre’s activities open to SMEs, including Services to Business, Policy Analysis and Innovation and R&D, can be found on the following website: [https://www.eu-japan.eu/](https://www.eu-japan.eu/).

- The EU-Japan Centre is furthermore representing in Japan the “Enterprise Europe Network - EEN”, being the world’s largest business support network providing information and support for SMEs in the fields of international business cooperation, match-making opportunities, innovation, knowledge and technology transfer. Members of the Network include chambers of commerce and industry, innovation agencies and research institutes. The Network is funded by the European Commission and its services are free of charge. More details can be found on the above website of the EU-Japan Centre and on [https://een.ec.europa.eu/](https://een.ec.europa.eu/).

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EU-Japan EPA FACTSHEET
Small and Medium-Sized Enterprises

- The Market Access Database - MADB
  of the European Commission gives online
  information about import conditions in over
  130 export markets, including Japan. This is a
  database searchable by tariff nomenclature
  code for product specific market access
  information. The related website is:

- General information on the EPA, including
  factsheets and EU export performance to
  Japan since the EIF of the Agreement.

  • The Japanese website (https://www.mofa.
    go.jp/ecm/ie/page23e_000546.html) is rather
    complete, but contains unfortunately many parts
    of information in Japanese, including information
    on wine imports, geographical indications, food
    labelling, business registration procedures, taxation
    information, etc.

    On the other hand, useful information has
    nevertheless been translated into English, for
    instance topics including customs regulations and
    procedures, technical regulations and standards
    on pharmaceuticals, organic products, sanitary and
    phytosanitary measures on imports, the database
    on market access (including Japan’s tariff schedule
    and the Products Specific Rules (Rules of Origin)),
    etc.

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2.3. SME CONTACT POINTS

• In compliance with provisions of EPA Chapter 20, SME Contact Points in each Party have been established.

• The main functions of these SME Contact Points are to ensure that SME needs are duly taken into account in the Agreement’s implementation. Contact Points have also the task of addressing matters of interest to SMEs with specialised Committees established under the Agreement.

2.4. FURTHER SME REFERENCES IN THE AGREEMENT

The following provisions in the Agreement reinforce the general benefits for SMEs:

• **Customs matters and trade facilitation (Chapter 4.6):** Commitment to simplify requirements and formalities for customs procedures to reduce the time and costs for traders or operators, including SMEs.

• **Electronic commerce (Chapter 8.80):** Parties agree to maintain a dialogue on regulatory matters relating to electronic commerce in relation to, among other issues, challenges for SMEs in the use of electronic commerce.

• **Intellectual Property Rights - IPR (Chapter 14.52):** Parties agree to cooperate on IPR. This cooperation may include exchange of information, covering inter alia intellectual property issues relevant to SMEs.

• **Transparency – Transparent Regulatory Environment (Chapter 17.2):** SMEs are mentioned as economic operators for which a transparent, effective and predictable regulatory environment has to be provided.
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 inter alia to SMEs, 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.