

SPIRITS & BEER PRODUCTS

PRELIMINARY REMARKS

- *The aim of these Factsheet and Guidelines (hereafter 'Report') is to explain to EU beer and spirits exporters the market access opportunities offered by the EU-Japan Agreement for an Economic Partnership (EPA) and in a brief overview, the relevant Rules of Origin and import procedures in Japan. More information on these issues and on specific market entry requirements, including Customs procedures and SPS measures are covered in the relevant Factsheet and Guidelines, or can be found in the 'Food and Beverage Handbook: Japan'^[1].*
- *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: <http://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, including details, safeguard measures, etc.*

[1] <https://ec.europa.eu/chafea/agri/content/food-and-beverage-market-entry-handbook-japan>



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1. IN A NUTSHELL

Japan already applies a zero MFN^[2] import duties for beer, as well as for a number of spirits (spirits obtained by distilling grapes, whiskies and fruit brandies). The other spirits have had, as an EPA concession, duties eliminated at the entry into force of the Agreement on 01/02/2019, or duties phased out over a period of time. A number of geographical indications of EU spirits and beers will be registered and protected in Japan. More information can be found in the factsheet on Geographical Indications (GIs).



2. MARKET ACCESS IN JAPAN

2.1. SPIRITS

- Spirits obtained by distilling grape wine^[3] (e.g.: Cognac, Armagnac, grappa, brandy de Jerez), whiskies^[4] and fruit brandies^[5] already have a zero MFN base rate; no new concessions are therefore foreseen in the EPA.
- Other spirits^[6] will be duty free (like the current implementation) at the entry into force of the Agreement. These products include: rum and other spirits obtained by distilling fermented sugar-cane, gin and Genever, vodka and liqueurs and cordials.

- A limited number of remaining ‘other spirits’^[7], including imitation sake and white sake, will have tariffs gradually (linear dismantling) phased out in 10 years, and will hence be duty free as from 1 April 2028. In addition one tariff line will be phased out in 5 years^[8].

2.2. BEERS

All beer products have already zero duty rates at MFN level.

[2] Most Favoured Nation – tariff rates applied on imports from WTO members.

[3] Product concerned: 220820.000

[4] Product concerned: 220830.000

[5] Product concerned: 220890.110

[6] Products concerned: 220840.00, 220850.00, 220860.00, 220870.00

[7] Products concerned: 220890.123, 220890.129, 220890.220, 220890.240

[8] Product concerned: 2208 90.230

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RULES OF ORIGIN / PRODUCT SPECIFIC RULE

- The Rules of Origin (RoO) under the EPA are determined by product in the so-called Product Specific Rule of Origin (PSR), and listed in Annex 3-B of the Agreement^[9].
- The PSR specifies the following rule for headings^[10] HS^[11] 22.03 (Beer) and HS 22.08 (Spirits) imported in Japan:
“CTH except for heading 22.07 (ethyl alcohol) and 22.08 (spirit drinks), provided that:
 - All the materials of subheadings 0806.10 (fresh grapes), 2009.61 and 2009.69 (the latter two grape must) used are wholly obtained;
 - The weight of non-originating materials of Chapter 4 (Dairy products) used does not exceed 40% of the weight of the product; and
 - The total weight of non-originating materials of headings 17.01 and 17.02 used does not exceed 40% of the weight of the product.”
- CTH (Change of Tariff Heading) means that non-(EU) originating materials may be used in the beer and spirits production if they are classified under another tariff heading in the HS classification system, or in other terms: all non-originating materials used in the production of spirits and beer must undergo a change in tariff classification at 4-digit level.
- **As an example:** sugar used in the production of spirits or beers may be non-originating as its classification HS17.01 or HS17.02 is from another heading than beer (HS22.03) or spirits (HS22.08); the sugar undergoes a change of tariff classification at 4-digit level. Nevertheless, the non-originating sugar (if added) has furthermore a weight limit of 40% of the weight of the (spirits or beer) product.
- However, under the above rule, non-originating materials may not be classified under HS 22.07 (ethyl alcohol) or HS 22.08 (spirits), i.e. this product must be originating.
- More information on RoO can be found in the relevant Factsheet and Guidelines, published on the website of the EU-Japan Centre.

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 beer and spirits 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.

[9] Annex 3-B can be found here: <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>

[10] Heading means 4 digit of the relevant custom nomenclature

[11] HS means Harmonised System (custom nomenclature adopted by members of WCO-World Custom Organisation)