

EU – JAPAN EPA

PROCESSED AGRICULTURAL 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.



EU-Japan Centre
for Industrial Cooperation
日欧産業協カセンター



EU-JAPAN EPA
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EPA PROCESS

**INCREASE
MARKET SHARE
EU PRODUCTS**

**PROMOTION &
INFORMATION**

**July 2018
Signature**

**1/2/2019
Entry into Force**

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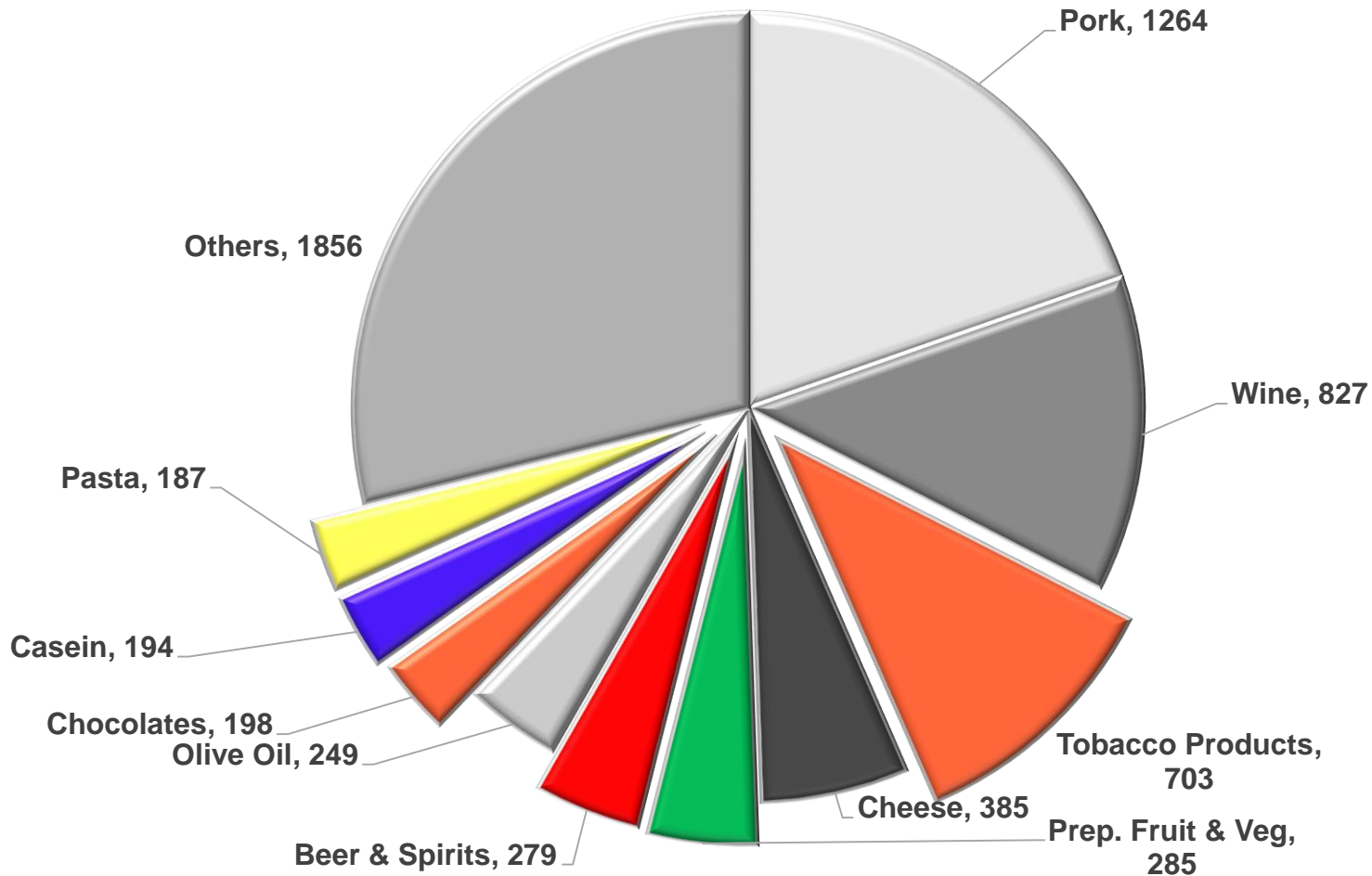
- What the EPA is offering.
- Some trade data ...
- Market Access
- Geographical Indications
- Rules of Origin
- Information sources



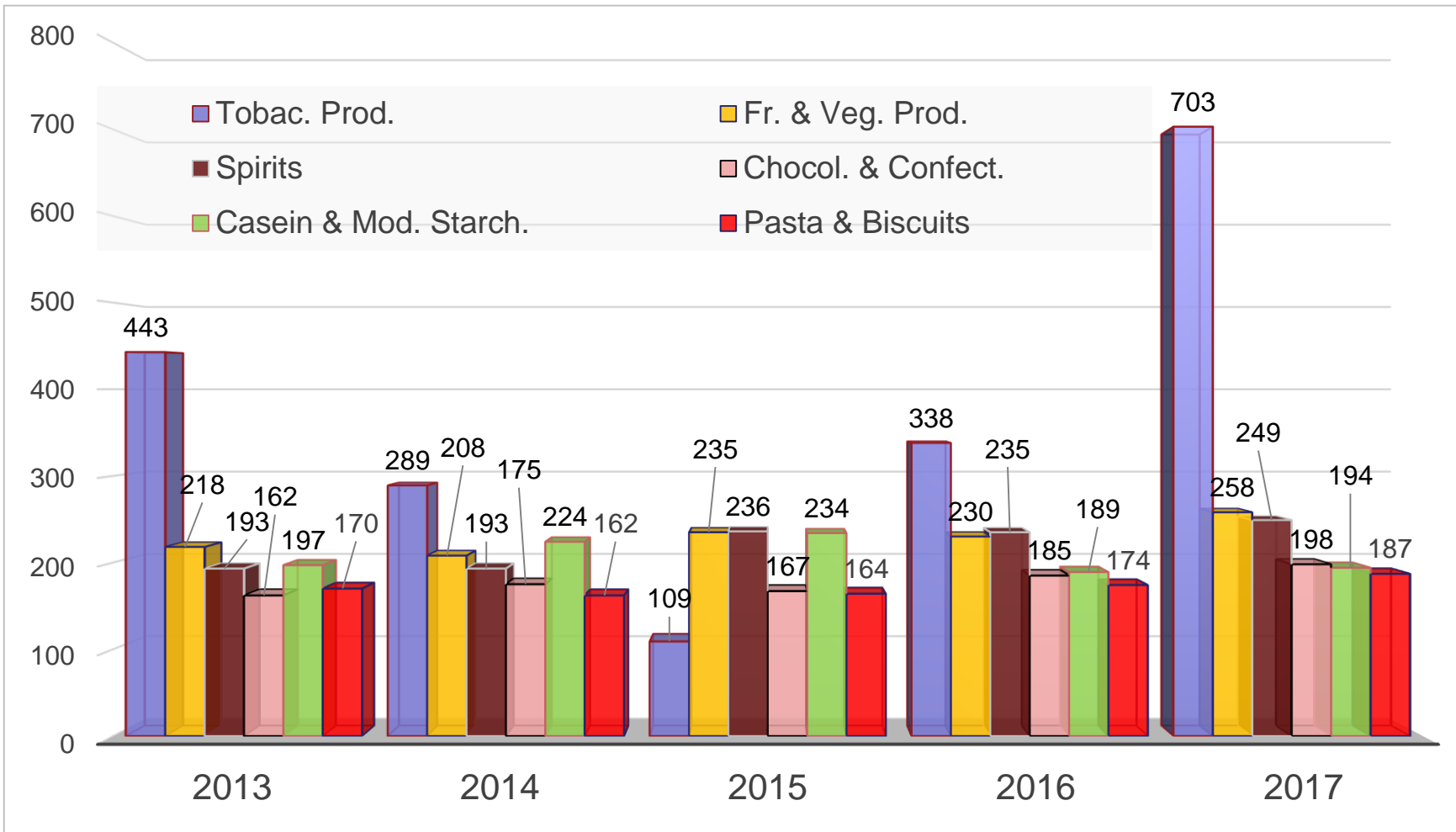
A FEW HIGHLIGHTS OF WHAT THE EPA IS OFFERING

Main Products	EPA Preference
Chocolates	Most duties phased out in 10 years – duty free as from 1/4/2027 Some products with duty preferences within a TRQ
Sugar Confectionaries	Duty free access for all the products
Pastas	Most duties phased out over 10 years
Bread, biscuits & waffles	Duties phased out over periods between 5 and 8 years
Starches	Esterified starches: duty free as from 1/4/2023 Dextrins and other modified starches & glues: duties phased out in 10 years
Egg albumin & Caseinates	Duty free at entry into force

EU AGRI-FOOD 2017 EXPORTS TO JAPAN (MIO €)



EU MAIN PAP EXPORTS TO JAPAN (mio €)



Tobacco Products

- **Cigarettes:** duty elimination at Entry into Force (EIF)
- **Other tobacco products:** duty phasing out over 10 years

Prepared or preserved fruit & vegetables

- **Sweetcorn:** liberalised at EIF or duty phasing out in 5 years.
- **Mixtures of vegetables:** duty phasing out in 5 years
- **Processed potatoes:** duty phasing out in 5 or 7 years
- **Peanut butter:** duty phasing out in 5 years.

Beverages

- **Spirits:** already duty free (MFN) or duty elimination at EIF
- **Mineral waters and soft drinks:** duty free from year 1, except those containing added sugar: duty phasing out over 5 years.
- **Beers:** already duty free

Duty free
Spirits,
Mineral
Waters
& Beers

Chocolates & Cocoa

- **Chocolates:** duty phasing out in 5 to 10 years – or – duty elimination or reduction within TRQs
- **Cocoa powder** (without added sugar): duty elimination at EIF
- **Cocoa paste:** duty free at EIF (non-defatted) or gradual duty elimination over 5 years (defatted)

Albumins, Caseins, Dextrins and Modified Starches

Most important products:

Label	Preference
Casein	Duty free at EIF
Caseinates and other casein derivatives	Duty free at EIF
Esterified starches and other starch derivatives	Base rate until the end of year 5 and duty free as from 1/4/2023
Dextrin's and other modified starches	Duty free as from 1/4/2028
Glues based on starches, on dextrin's or other modified starches	Duty free as from 1/4/2028
Egg albumin	Duty free at EIF

Sugar Confectionary

All Chapter 17 PAPs have duty free access from year 1, **except:**
maltose, chewing gum, candies, caramels, white chocolate,
and other sugar confectionary not containing cocoa:
duty phasing out over a period of 10 years.

**Duty free
for all Sugar
Confectionary
Products**

Products & Preparations based on Cereals

Most important products:

Label	Preference
Biscuits, cookies, pastry cakes, bread, breakfast cereals, rusks, waffles, uncooked pasta, pizza, uncooked macaroni, malt extract, couscous	Gradual duty elimination within 5 to 10 years
Mixes and doughs and cake mixes	Duty free within a TRQ of max. 14.200t on 1/4/2023
Food preparations made primarily of wheat	Duty free within a TRQ of max. 3.000t on 1/4/2023
Food preparations containing more than 50% sucrose, and coca powder	Duties gradually reduced by 50% by 1/4/2028 within a TRQ of max. 130t

Other

Label	Preference
Yoghurt	Duty phasing out after 10 years, or reduced by 50% after 5 years.
Dairy spread	Duty reduction within a TRQ, from 35%+290Yen/kg at the EIF to 35% in 2028.
Animal and vegetable fats & oils	Duty free access as from the EIF, except for margarine: duty phasing out over 10 years.
Sauces, mustard, mayonnaise, etc.	Duty free as from the EIF
Active & inactive yeasts	Duty free as from the EIF
Chewing gum	Duty phasing out after 5 years
Extracts and concentrates of coffee	Duty free as from the EIF
Ice cream	Duties reduced by 63 or 66.6% in 6 equal instalments
Ethyl alcohol	Liberalised at the EIF , or liberalised in 5 or 10 years
Other food preparations, not containing added sugar	Duty phasing out after 7 years

Full protection for 210 EU GIs, among which several PAPs.

- ▶ 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

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 !!

A few Examples ...

Heading/Sub-Heading	Label	General Rule
04.01 – 04.10	Yoghurt, buttermilk, dairy spreads	All the CH.04 materials are wholly obtained , i.e. must be of EU origin.
21.01	Extracts, essences & concentrates of coffee and tea	CC : non – (EU) originating products are authorised in the production if they are classified under another Chapter (RoO conditions apply!)
19.05	Bread, pastry, cakes, biscuits and other baker's wares	CTH : non – (EU) originating products are authorised in the production if they are classified under another Heading (RoO conditions apply!)
1302.20	Pectic substances, pectinates and pectates	CTSH : non – (EU) originating products are authorised in the production if they are classified under another Sub-Heading (RoO exception : non-originating pectic substances may be used).

- ▶ EPA text and Annexes:

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>

Of which:

- ▶ Annex 2-A: Schedule and Notes (TRQ, etc);
- ▶ Annex 3-B: Product specific rules of origin;
- ▶ Annex 14-B: GIs.

▶ EPA Helpdesk: <https://www.eu-japan.eu/epa-helpdesk>

▶ Fiches per sectors and webinars on EPA outcome

2.2. EPA CONCESSIONS FOR THE MOST IMPORTANT PAPs

Below some general observations as regards the EPA preferential market access for the main exported EU PAPs exported to Japan. More details on all the PAPs Chapters can be found further in this report.

Aluminoid substances and modified starches

- Duties of **esterified starches** shall remain at the base rate (6.9%) until 31/12/23, and shall then become duty free as from 1/4/2023.
- **Egg albumin, caseinates** as well as **casein** will be duty free at the entry into force of the Agreement.
- **Dextrins and other modified starches, other than starch derivatives** and **glucose** shall have duties phased out over 10 years as indicated below:

DATE	DUTY (Yen/kg)
Base rate	21.3% or 25.50 yen/kg whichever is the greater
1/4/2019	17.4% or 20.86 yen/kg whichever is the greater
1/4/2020	15.5% or 18.55 yen/kg whichever is the greater
1/4/2021	13.6% or 16.23 yen/kg whichever is the greater
1/4/2022	11.6% or 13.61 yen/kg whichever is the greater
1/4/2023	9.7% or 11.59 yen/kg whichever is the greater
1/4/2024	7.7% or 9.27 yen/kg whichever is the greater
1/4/2025	5.8% or 6.95 yen/kg whichever is the greater
1/4/2026	3.9% or 4.64 yen/kg whichever is the greater
1/4/2027	1.9% or 2.32 yen/kg whichever is the greater
1/4/2028 and subsequent years	Free

Chocolates (HS 1800), Confectioneries (HS 1704)

- Duties for most of the chocolates will be gradually phased out over a period of 10 years, and will be duty free as from 1/4/2027.
- Some of these will have duty preferences within a TRQ, free as from 1/4/2027.
- Duty free access as from the entry into force of the Agreement for most of the confectioneries under HS 1704, except for a number of products such as chewing gum, candies, caramels and white chocolate: these duties will be phased out over a period of 10 years.

Pasta (HS 1902)

- A majority of pasta products will have duties phased out over a period of 10 years: these products include **spaghetti, macaroni, and stuffed pasta**.
- Uncooked pasta containing eggs will have duties phased out in 8 years' time, to become duty free on 1/4/2025.
- Udon has duty free access within a TRAQ of 10 t: this quantity will remain unchanged.

Bread, biscuits, waffles (HS 1905)

- Duties will be gradually phased out over periods between 5 and 8 years.

(A) Product concerned: 300010.100
(B) Product concerned: 300190.000
(C) Product concerned: 300110.000
(D) Product concerned: 300510.200
(E) Product concerned: 300520.000
(F) Product concerned: 300530.000
(G) Product concerned: 300540.000

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9 April	Wines and Spirits
7 May	Geographical Indications
21 May	Dairy Products
11 June	Meat Products
18 June	Processed Agricultural Products

INFORMATION SOURCES

- ▶ Overall import conditions in Japan, including SPS measures:
 - ▶ 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

- ▶ **European Commission (DG TAXUD) – Rules of Origin:**
 - ▶ https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin_en
 - ▶ https://ec.europa.eu/taxation_customs/business/international-affairs/international-customs-cooperation-mutual-administrative-assistance-agreements/japan_en
 - ▶ https://ec.europa.eu/taxation_customs/sites/taxation/files/eu_japan_epa_guidance_claim_verification_denial_en.pdf

- ▶ **European Commission: Geographical Indications**
 - ▶ <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels>

Thank you for your attention

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QUESTIONS ?

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