

A decorative background of pink cherry blossoms on the left side of the slide.

# EU – JAPAN EPA: What's in for the AGRI-FOOD Sector?



# EPA Process

**INCREASE  
MARKET SHARE  
EU PRODUCTS**



July 2018  
Signature

1/2/2019  
Entry into Force

**PROMOTION &  
INFORMATION**

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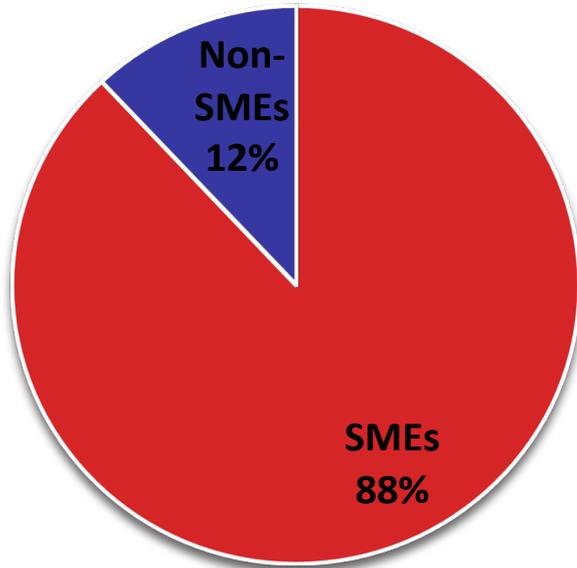


[www.eu-japan.eu/epa-helpdesk](http://www.eu-japan.eu/epa-helpdesk)

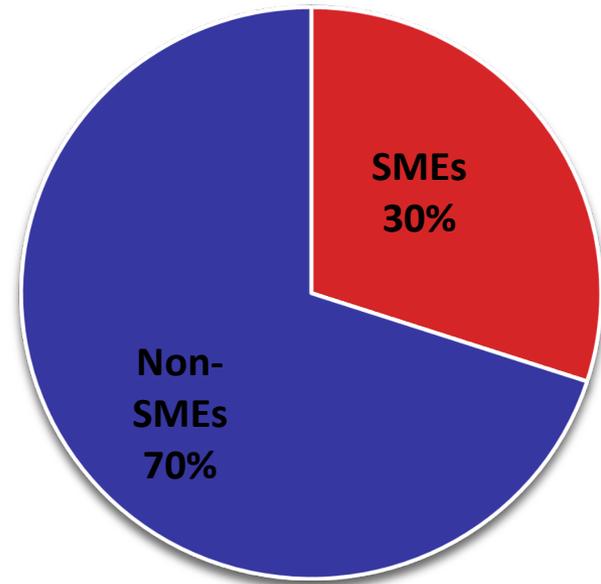
Under the supervision of



**Number of EU exports to Japan.**



**Value of EU exports to Japan.**



Source: Eurostat

# MARKET ACCESS

## Types of EPA Concessions

Type	EPA Code	Description
Immediate Liberalisation	A	Japan's base rate is eliminated at the entry into force of the Agreement Most of those tariff lines <b>are not listed in Japan's EPA tariff schedule</b>
Duty elimination spread over a period	B	Gradual elimination of Japan's base rate over a period of time. the zero duty will be applied in subsequent years.
Duty reduction spread over a period	R	Gradual reduction of Japan's base rate to a certain level. The final reduced level will be applied in subsequent years.
Tariff rate quotas	TRQ	TRQs allow for one of the above preferences within the limits of an annual import quantity.
Exclusion	X	Tariff lines excluded from any preference

# A few highlights of what's the EPA is offering

Product	EPA Tariff	EPA Safeguard/ TRQ	Transition
Beef	9%	High safeguard trigger: 43 500 t to 50 500 t	15 years
Pigmeat	Almost free trade	Temporary safeguard	10 years
Wine	Free trade since EIF		
Hard cheese	29.8%	Free trade	
Other cheeses	22.4%-40%	0% within TRQ	TRQ: 20 000 t to 31 000 t
Processed Agr. Products	Free trade as from EIF or within max. 10 yrs., some within a TRQ		10 years



# PIGMEAT

- ▶ EU most important agri export : 1.2 bn€ and > 30% of import market share.
- ▶ Meat fresh, chilled and frozen: **almost tariff elimination**
- ▶ Sausages and pork preparations: **full tariff elimination in 5 years**
- ▶ Temporary safeguard (10 years) – low snapback duty
- ▶ MFN safeguard not applicable to EU products

- ▶ **Drastic tariff reduction: from 38.5% to 9% in 15 years.**
- ▶ **High safeguard trigger (50.500 t after 10 years) which may disappear on the long run.**
- ▶ **Gradual increase of EU exports after long lasting BSE ban ...**



# CHEESES

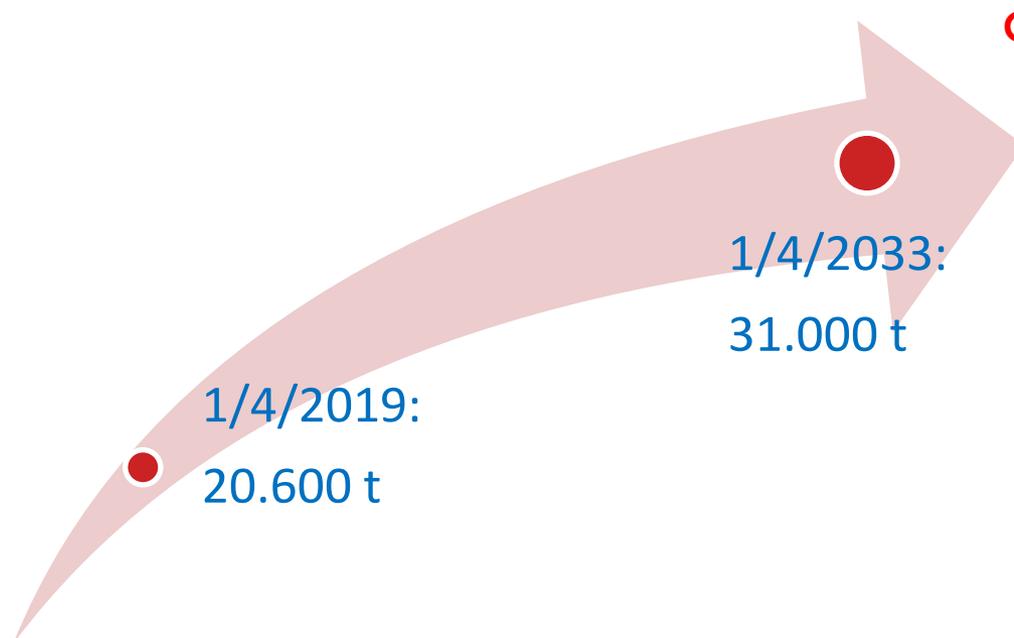
- ▶ hard cheeses (the big bulk of EU quality cheeses) :  
duty free in 15 years.

Including: cheddar,  
Comté, Parmigiano  
Reggiano, ...

**e.g. tariff of Parmigiano Reggiano: 24.2%  
since 01/04/2020 (from 29.8%)**

# CHEESES

## Duty free TRQ for fresh, soft and processed cheeses



**Continued growth based on  
cheese consumption  
growth in Japan**

**Including: mozzarella, blue veined  
cheeses, brie, Feta ...**

# OTHER DAIRY

- **Whey products:**
  - **Drastic tariff reductions or almost tariff elimination over time with transitional TRQs, depending on mineral and protein content, etc.**
  
- **Skimmed milk powder (SMP):**
  - **Important TRQ together with butter**
  - **To note: SMP for feeding: 95% tariff reduction**
  
- **Lactose: duty elimination**
- **Ice cream: important duty reduction**

# WINES

- ▶ Wine sector: > € 800 million / 13% of EU total agri exports to Japan.
- ▶ EPA: duty free for EU wines since 1 February 2019 → level playing field with Chili and Australia
- ▶ Facilitation for EU oenological practices
- ▶ GI protection of more than 100 wine names

# SPIRITS & BEERS

- ▶ **Already MFN duty free for all beers and most of the spirits**
- ▶ **Remaining duties for spirits eliminated since 1 Feb 2019.**
- ▶ **GI protection for 28 spirits and 6 beers.**

# PROCESSED AGRI PRODUCTS (PAPs)

## ▶ Duty free in maximum 10 years for:

Dried pasta, pastries, waffles,  
breakfast cereals, biscuits,  
Chocolates and choc. confectionary  
Candies and sugar confectionary,  
Tomato puree,  
Several food preparations,  
Esterified starches

Max 10  
years

# PROCESSED AGRI PRODUCTS (PAPs)

## ▶ Duty free since 1 February 2019 for:

egg albumin, mineral waters,  
preserved tomatoes, pure cocoa  
powder, pectic substances, yeasts,  
caseinates

Duty free  
01/02/2019

## ▶ Wheat related food preparations and barley, wheat flours etc.: Sizeable TRQs

# SPECIFIC

## PROCESSED AGRI PRODUCTS

### Jams, jellies and marmalades

- **Bulgarian rose jam**
  - **classifications under Japanese tariff code (tbc):**
    - **2007.99.111: other jams containing added sugar**
    - **2007.99.121: other jams other than containing added sugar**
  - **both duties (resp. 16.8% and 12%) have been liberalised at the EIF of the EPA.**
- **Other jams, jellies and marmalades with zero duties:**
  - **jams of citrus fruit, other than containing added sugar**
  - **other fruit jellies, other than containing added sugar**
- **Remaining jams, jellies and marmalades: gradual duty liberalisation (between 3 and 10 years)**

# SPECIFIC

## PROCESSED AGRI PRODUCTS

### Spices

- Duty free access for all tariff lines, except:
- Curry (0910.91.110): gradual duty elimination over 5 years (duty free as from 1/4/2023)

### Vegetable saps & extracts

- Duty free access for all tariff lines, except:
- Other than opium, of liquorice, of hops and of ephedra, Bases for Beverage:
  - Obtained from a single material of vegetable origin (1302.19.110): gradual duty elimination over 5 years, and
  - Other (1302.19.120): gradual duty elimination over 7 years

# GEOGRAPHICAL INDICATIONS

## Full protection for 210 EU GIs (wines, spirits and food-stuffs):

- 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.



## Bulgarian GIs protected under the EPA:

- 2 wines: Trakijska Nizina and Dunavska Ravnina

# RULES OF ORIGIN

- 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);
  - the Product Specific Rules (PSR) for each product (Annexes 3A/3B and Appendix 3-B-1): further requirements in order to be originating.

These requirements can include:

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

# RULES OF ORIGIN

## A FEW EXAMPLES ...

HS CODE	LABEL	PSR	COMMENTS
Chapter 08	Edible fruit	Wholly obtained	Products must be of EU/Japan origin
Heading 20.01	Prepared fruit and vegetables	CC	Non-EU/Japan originating materials may be used in the production of the goods if these materials are classified under another <b>Chapter</b>
Heading 1806	Chocolates and other cocoa preparations	CTH, provided that: <ul style="list-style-type: none"> <li>- the total weight of the non-originating materials of CH4 (dairy) and of Heading 19.01 (food preparations) used does not exceed 10% of the weight of the product; and</li> <li>- the total weight of the non-originating materials of Headings 17.01 (cane or beet sugar) and 17.02 (other sugars) used does not exceed 30% of the weight of the product;</li> </ul>	Non-EU/Japan originating materials may be used in the production of the goods if these materials are classified under another <b>Heading</b> , and the 2 conditions are satisfied.

# INFORMATION SOURCES

- ▶ 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 2-E: Facilitation of wine export;
- ▶ Annex 3-B: Product specific rules of origin;
- ▶ Annex 14-B: GIs.

# 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](http://www.customs.go.jp/english/c-answer_e/imtsukan/1524_e.htm)

# INFORMATION SOURCES

- ▶ 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/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/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](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>

# INFORMATION SOURCES

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



▶ Fiches per sectors and webinars on EPA outcome

## 1. IN A NUTSHELL

The EPA foresees full protection for more than 200 EU GIs (foodstuffs (including beers), wines and spirits). The legal provisions guaranteeing this protection are of the same high level as those foreseen for wine and spirits products in Article 23 of the WTO TRIPS Agreement<sup>10</sup>, but now extended to other agricultural products, including beers.

In case of **PDO products**, its quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and where the steps in production all take place in the defined geographical area. Furthermore, **raw materials must come from, and all stages of production must take place in the geographical area concerned.**

Ex officio administrative enforcement of GI rights by Japanese authorities to protect the GIs listed in the EPA in addition to civil enforcement on request and remedies. On the relationship between GIs and trade marks (TMs): refusal of registration in Japan of subsequent TMs which are likely to mislead consumers; coexistence with pre-existing TM is addressed.

In case of **PGI GI products**, on the other hand, the given quality, reputation, or other characteristic is essentially attributable to its geographical origin, and in relation to which, at least one of the steps in production takes place in the defined geographical area.

A further difference is the colour of their logo:



In the EPA no distinction is made between PDO and PGI. The relevant EU GI legislation depends on the product category:

- Agricultural products and foodstuffs: Regulation (EU) No 1151/2012<sup>11</sup>
- Wines: Regulation (EU) No 1308/2013<sup>12</sup>
- Spirits: Regulation (EC) No 110/2008<sup>13</sup>
- Aromatised wines: Regulation (EU) No 251/2014<sup>14</sup>

The details on GI application procedures, including relevant templates, can be found on the following website: <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels>

## 2. WHAT IS A GI?

A geographical indication is a name used to identify a product as originating in the territory of a particular country, region or locality where its quality, reputation or other characteristic is linked to its geographical origin.<sup>15</sup>

In the European Union, the protection of GIs for agricultural products can be obtained in one of the following ways: as a protected designation of origin (PDO) or protected geographical indication (PGI) for wines and agricultural products and foodstuffs, or as a geographical indication (GI) for spirit drinks and aromatised wines.



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

# Thank you for your attention

Yvan VAN EESBEEK

Consultant at the EU-Japan Centre for Industrial Cooperation

## QUESTIONS ?

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.



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for Industrial Cooperation  
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