



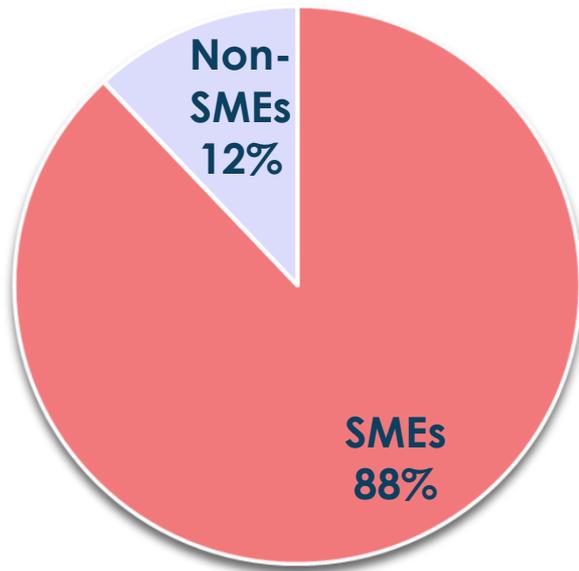
EU – JAPAN EPA: What's in for the AGRI-FOOD Sector?

EPA Process

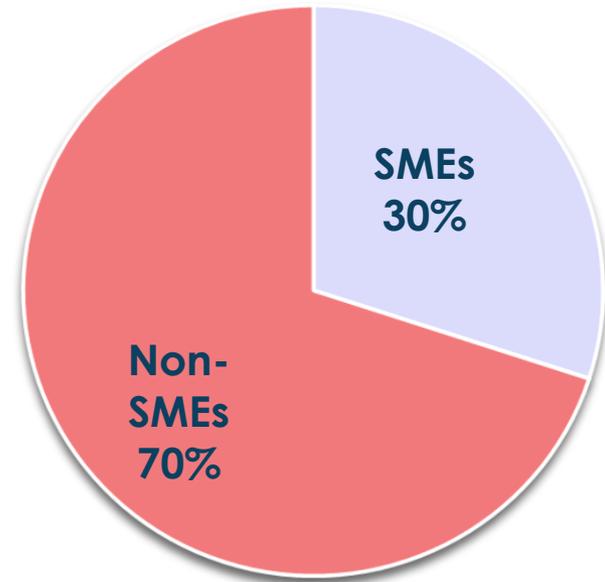
**INCREASE
MARKET SHARE
EU PRODUCTS**



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 are not listed in Japan's EPA tariff schedule
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 Concession
Hard cheese	Duty phasing out in 15 years
Other cheeses	Duty free TRQ of 20.000t to 31.000t
Meat Products	<p><u>Beef</u>: duties will be drastically reduced from 38% to 9% over 15 years</p> <p><u>Pork</u>: elimination or significant tariff reduction over 10 years</p>
Natural honey (HS04.09)	Duty phasing out in 7 years
Fodder (HS12.14)	Free trade since EIF
Yeast (HS21.02)	Free trade since EIF
Seeds	Free trade since EIF
Fish & Fish Products	Duty free or duties phased out over periods between 5 and 10 years

- ▶ 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 ...



PIGMEAT

- ▶ EU most important agri export : 1.2 bn€
> 30% of import market share.

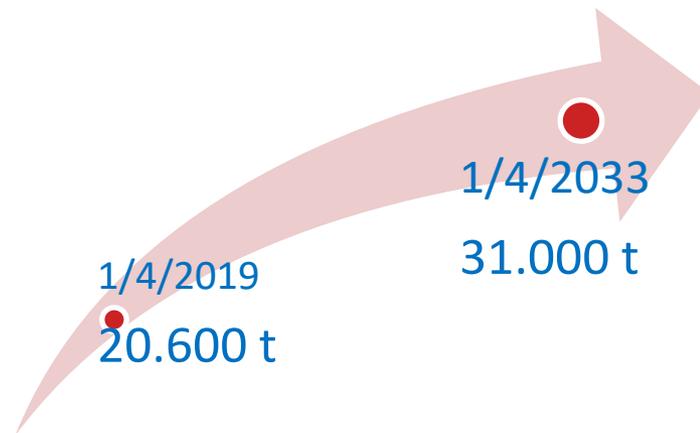


- ▶ Meat fresh, chilled and frozen:
almost tariff elimination (specific duty divided by 10!)
- ▶ Sausages and pork preparations:
full tariff elimination in 5 years
- ▶ Temporary safeguard (10 years) – low snapback duty
- ▶ MFN safeguard not applicable to EU products

CHEESES

Hard cheeses: duty free in 15 years

Soft and processed cheeses: TRQ duty free after 16 yrs.



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

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 EU 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 (gin, Genever, vodka, etc.).
- ▶ GI protection for 28 spirits and 6 beers

Most of the fresh fruit and vegetables were liberalised upon the EIF of the Agreement

A few products will be liberalised in max. 10 years.

- Onions (5yrs), sweetcorn (3yrs), sweet potatoes (5yrs), nuts (5 or 10yrs), bananas (10yrs), apples (10yrs), oranges (5 or 10yrs), cherries (5yrs).

FRUIT & VEGETABLES PROCESSED

**Same scenario:
Most of the processed fresh fruit and vegetables
were liberalised upon the EIF of the Agreement**

Main products not liberalised at EIF but at a later stage:

- not roasted ground nuts: 5 to 7 yrs.
- sweet-corn prepared or preserved by vinegar: 5 yrs.
- tomatoes prepared, other than whole or in pieces: 5 yrs.
- French mushrooms: 5 yrs.
- frozen cooked potatoes: 3 yrs – frozen mashed potatoes: 5 yrs.
- jams of citrus fruit with added sugar: 5 yrs.
- juices:
 - citrus: 5 or 10 yrs.
 - tomato: 5 yrs.
 - apple: 7 or 10 yrs.
 - mixtures: 3, 5 or 10 yrs.

VEGETABLE OILS

- A number of vegetable oils (including olive oil , palm oil, coconut oil, palm kernel oil) are duty free (MFN or EPA)
- Others will have duties phased out in:
 - 5 years, including soya bean oil, sunflower seed oil, rape and colza oil;
 - 10 years, including ground nut oil and maize (corn) oil.

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 PROCESSED AGRI PRODUCTS

- ▶ 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



OTHER PROCESSED AGRI PRODUCTS

- ▶ Duty free in maximum 10 years for:

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



**Max 10
years**

A few Remaining Agri Products ...

Product	EPA Concession
Natural honey (HS04.09)	Duty phasing out in 7 years
Fodder (HS12.14)	Free trade since EIF
Yeast (HS21.02)	Free trade since EIF
Seeds	Free trade since EIF
Starches	Esterified starches: duty free as from 1/4/2023 Dextrins and other modified starches & glues: duties phased out in 10 years

All fishery products CH03, CH1504 and CH16:

- were already duty free at MFN level, or
- have been liberalised as an EPA concession at the EIF, or
- will be gradually liberalised as an EPA concession in max. 15 years.
- exception: whale oil (150430.010): excluded.

A few examples ...

Jap. Code	Label	Base Rate MFN	Pref. Rate 1/4/20 - 31/3/21	EPA Preference
030235.010	Fresh or chilled Atlantic bluefin tunas	3.5%	1.8%	Base rate phased out in 5 years
030235.020	Fresh or chilled Pacific bluefin tunas	3.5%	2.5%	Base rate phased out in 10 years
030487.050	Frozen yellowfin bigeye tunas	3.5%	0%	Duty free since EIF
030214.000	Fresh or chilled Atlantic salmon	3.5%	0%	Duty free since EIF
160300.090	Extracts and juices of fish or crustaceans	9.6%	0%	Duty free since EIF

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.**



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 the basic requirements to originating, and
 - 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

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 Chapter
Heading 1806	Chocolates and other cocoa preparations	CTH, provided that: <ul style="list-style-type: none"> - 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 - 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; 	Non-EU/Japan originating materials may be used in the production of the goods if these materials are classified under another Heading , 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

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



▶ Fiches per sectors and webinars on EPA outcome

Wines and Spirits
Geographical Indications
Dairy Products
Meat Products
Processed Agricultural Products

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 Agreement¹⁾, but now extended to other agricultural products, including beers.

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 (TM): refusal of registration in Japan of subsequent TMs which are likely to mislead consumers; consistency with pre-existing TM is addressed.

Phasing out of prior uses identified on the Japanese market within 5 years after entry into force of the Agreement for alcoholic beverages, and within 7 years for foodstuff GIs. Possibility to add new GIs to the relevant list in the Agreement.

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.²⁾

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 aromatized wines.

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.**

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:

- PDO** (Protected Designation of Origin) logo: a red circle with a white border and a yellow sunburst in the center.
- PGI** (Protected Geographical Indication) logo: a blue circle with a white border and a yellow sunburst in the center.

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 1151/2012³⁾
- Wines: Regulation (EU) No 1308/2013⁴⁾
- Spirits: Regulation (EC) No 110/2008⁵⁾
- Aromatized wines: Regulation (EU) No 251/2014⁶⁾

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>

Under the supervision of

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Overall import conditions in Japan:

- European Commission DG TRADE: “Access2Markets Database”:
<https://trade.ec.europa.eu/access-to-markets/en/content/welcome-access2markets-market-access-database-users>
- Import procedures - Japan. Min. Health Labour & Welfare:
<https://www.mhlw.go.jp/english/topics/importedfoods/1.html>
- Japan's Customs:
http://www.customs.go.jp/english/c-answer_e/imtsukan/1524_e.htm
- European Commission DG AGRI “Food and Beverage Handbook – Japan”:
<https://ec.europa.eu/chafea/agri/content/food-and-beverage-market-entry-handbook-japan>

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/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 ?

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.