



FedEx Regulatory Alerts & Updates

Regulatory Alert: Japan-EU Economic Partnership Agreement

January 11, 2019

In December 2018, both the EU (European Union) Parliament and the Japanese National Diet approved the Economic Partnership Agreement and hence, an entering into force on February 1, 2019, is scheduled.

The entry into force of the Strategic Partnership Agreement also requires the ratification by EU Member States, but a large part of the Agreement can be applied on a provisional basis already in early 2019.

The EU – Japan Economic Partnership Agreement will remove the vast majority of the 1 billion euro of duties paid annually by EU companies exporting to Japan as well as a number of long-standing regulatory barriers. It will also open up the Japanese market of 127 million consumers to key EU agricultural products and increase EU export opportunities in many other sectors.

In addition, the Agreement will strengthen cooperation between Europe and Japan in a range of areas, reaffirm their shared commitment to sustainable development, and include for the first time, a specific commitment to the Paris climate agreement.

In practice, once the Agreement is in place, the below will for sure impact the FedEx business:

1. Duties will be eliminated on 97% of the goods of the tariff book – law is based on the Harmonized System, as amended on January 1, 2017.
2. Japanese trade standards will be reworked and set to international standards (allowing for easier export from the EU in areas such as car exports or parts, thereof).
3. It will open services markets; in particular for financial services, e-commerce, telecommunications and transport.

The **removal of the import tariffs** will be felt primarily in the following areas:

- *food and drink products*
Currently, Japan has high tariffs on imports of food and drink products. For example:
30-40% on cheese
38.5% on beef
15% on wine
Up to 24% on pasta
Up to 30% on chocolate
- *industrial products*
Tariffs will be removed in sectors where the EU is very competitive such as cosmetics, chemicals, textiles and clothing.

The removal will be spread over a maximum of 15 years with each year a small reduction of the rates (actual number of years depends on the category of products).

As an example – 6402 99 50 – Slippers and other indoor footwear with a duty rate of 16.8% today will be reduced to 0% on 2029. In between, a reduction will be seen each year:

- 15.3 % in 2019
- 13.7 % in 2020
- 12.2 % in 2021
- 10.7 % in 2022
- 9.2 % in 2023
- 7.6 % in 2024
- 6.1 % in 2025
- 4.6 % in 2026
- 3.1 % in 2027
- 1.5 % in 2028

The Agreement also covers, among others, the **rules of origin and how to claim preferential treatment**.

A statement on origin shall be made out using one of the linguistic versions of the *agreed text on an invoice*, or on any other commercial document that describes the originating product in sufficient detail to enable its identification. The importing party shall not require the importer to submit a translation of the statement on origin. No value threshold applicable for the invoice declaration.

Products sent as small packages from private persons to private persons shall be admitted as originating products, provided that such products are not imported by way of trade, and the total value of the products shall not exceed 500 euros (for the EU).

Detailed information can be found at:

EU – Japan Economic Partnership Agreement (General)

<http://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/>

Origin Rules

http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc_157228.pdf

Tariff Elimination and Reduction – the European Union

http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc_157229.pdf#page=5

Date of Implementation: February 1, 2019