



# FedEx Regulatory Alerts & Updates

## Regulatory Alert: U.S. and Japan Free Trade Agreement (Phase One)

February 17, 2020

### BACKGROUND

The U.S. and Japan Trade Agreement (USJTA) was signed on October 7, 2019 by U.S. Trade Representative (USTR) Robert Lighthizer and Ambassador of Japan to the United States Shinsuke J. Sugiyama. The Japanese Legislature approved the agreement on December 5, 2019. The effective date of the agreement was January 1, 2020.

Both countries agreed that this initial agreement is “phase one” and will engage in further negotiations for a more comprehensive agreement to better benefit both countries. The negotiations are expected to begin in the spring.

### TRADE AGREEMENT DETAILS

The agreement results in over 90% of U.S. food and agricultural products imported into Japan to be duty free or receive preferential tariff access. Japan will benefit with tariff elimination or reduction on specific agricultural items as well as certain industrial goods.

Customs and Border Protection (CBP) published filing instructions for the trade community on December 31, 2019, via CSMS message 41149692. Specifically, CBP provided the requirements for claiming preferential tariff treatment under the USJTA:

1. Country of Origin/Manufacture of the article(s) in the shipment must be ‘JP’
2. Country of Export must be ‘JP’  
Note – This is a critical point as this means that JP manufactured items exported from countries other than Japan into the U.S. will NOT receive the duty reduction benefit.
3. Claims for preferential treatment under the agreement are not exempt from the merchandise processing fee (MPF)

Here are the U.S. import clearance requirements for shipments imported from Japan via FedEx Express® international express service and desiring US-JP FTA benefits:

1. Informal entries (shipment total value not greater than \$2,500 USD):
  - A. The article(s) being imported are eligible for USJTA if the HS tariff subheading qualifies
  - B. There must be a statement on the entry documents (commercial invoice) that the product qualifies as an originating good. Here are examples of an acceptable statement (not an all-inclusive list):
    - “USJTA Eligible”
    - “USJTA Applies”
    - “Wholly (100%) the growth, product or manufacture of Japan”

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2. Formal entries (shipment value above \$2,500 USD):
  - A. The article(s) being imported are eligible for USJTA if the HS tariff subheading qualifies
  - B. One of the following requirements must be met:
    - A valid eligibility statement on the entry documents (commercial invoice), which indicates “the goods are wholly (100%) the growth, product, or manufacture of Japan.”
    - A valid eligibility statement on the entry documents (commercial invoice), which indicates “the goods qualify as an originating good under the rules of origin set forth in General Note 36, HTSUS.”
3. Additional information:
  - A. General statements such as “Made in Japan” or “Country of origin Japan” are not acceptable eligibility statements.
  - B. Items that have undergone simple assembly in Japan do not qualify for USJTA.

## Q&A

### **Q1: Where can the specific items of Japan origin imported into the U.S. that are receiving duty reduction benefits be found?**

A1: Japan-origin articles imported into the U.S. receiving duty reduction benefits can be found in these documents:

- Section B of the FRN 72187 (begin on page 72194 and end on page 72207)
- Annex 2 The Tariffs and Tariff-Related Provisions of the United States link at the USTR site (begins on page 3)

### **Q2: Where can the specific items of U.S.-origin imported into Japan that are receiving duty reduction benefits be found?**

A2: U.S. origin articles imported into Japan receiving duty reduction or tariff rate quota benefits can be found in:

- Annex 1 The Tariffs and Tariff-Related Provisions of Japan (begins on page 47, but there is a lot of explanatory text before the tariff listings)

### **Q3: Will CBP possibly change the country of export stipulation to allow Japan-origin articles from other countries to receive the duty reduction benefits?**

A3: Unknown at this time; what is known is the phase one requirement only allows Japan-origin articles physically exported from Japan to receive the benefit.

## REFERENCES

USTR:

<https://ustr.gov/countries-regions/japan-korea-apec/japan/us-japan-trade-agreement-negotiations/us-japan-trade-agreement-text>

CBP Fact Sheet:

[https://www.cbp.gov/sites/default/files/assets/documents/2019-Dec/U.S.%20-%20Japan%20Trade%20Agreement%20Factsheet%20%282019-12-30%29\\_0.pdf](https://www.cbp.gov/sites/default/files/assets/documents/2019-Dec/U.S.%20-%20Japan%20Trade%20Agreement%20Factsheet%20%282019-12-30%29_0.pdf)

FRN 72187:

<https://www.govinfo.gov/content/pkg/FR-2019-12-30/pdf/2019-28285.pdf>

CBP CSMS # 41149692:

[https://content.govdelivery.com/bulletins/gd/USDHSCBP-273e4fc?wgt\\_ref=USDHSCBP\\_WIDGET\\_2?utm\\_source=google&utm\\_medium=google&utm\\_term=\(not%20provided\)&utm\\_content=undefined&utm\\_campaign=\(not%20set\)&gclid=undefined&dclid=undefined&GAID=340499347.1568239941](https://content.govdelivery.com/bulletins/gd/USDHSCBP-273e4fc?wgt_ref=USDHSCBP_WIDGET_2?utm_source=google&utm_medium=google&utm_term=(not%20provided)&utm_content=undefined&utm_campaign=(not%20set)&gclid=undefined&dclid=undefined&GAID=340499347.1568239941)