



## THE EU-JAPAN EPA PREFERENTIAL ORIGIN OF GOODS

### Cumulation

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  
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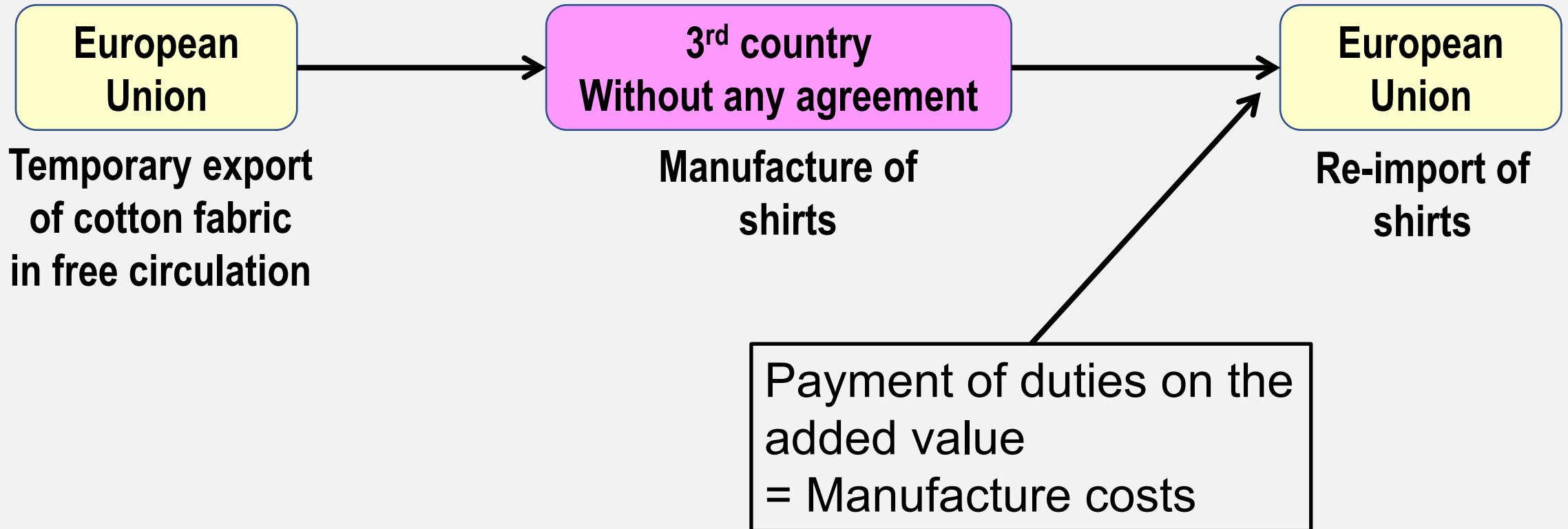
# 1. Outward processing

## What is outward processing ?

- Temporary export of materials in free circulation in the EU
- Working / Processing in a 3<sup>rd</sup> country
- Re-import of processed product(s)
- Payment of duties on the cost of the processing

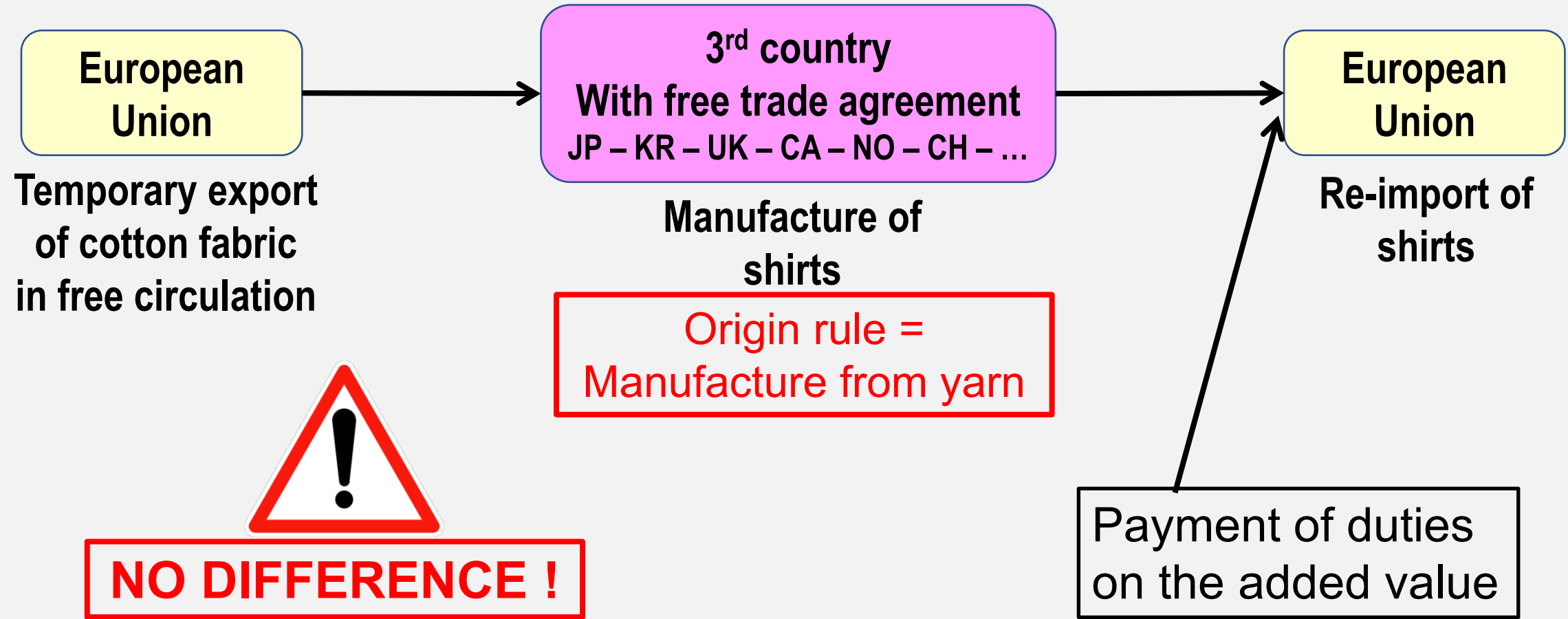
# 1. Outward processing

## 1.1 Outward processing in 3<sup>rd</sup> country without any agreement



# 1. Outward processing

## 1.2 Outward processing in 3<sup>rd</sup> country with free trade agreement

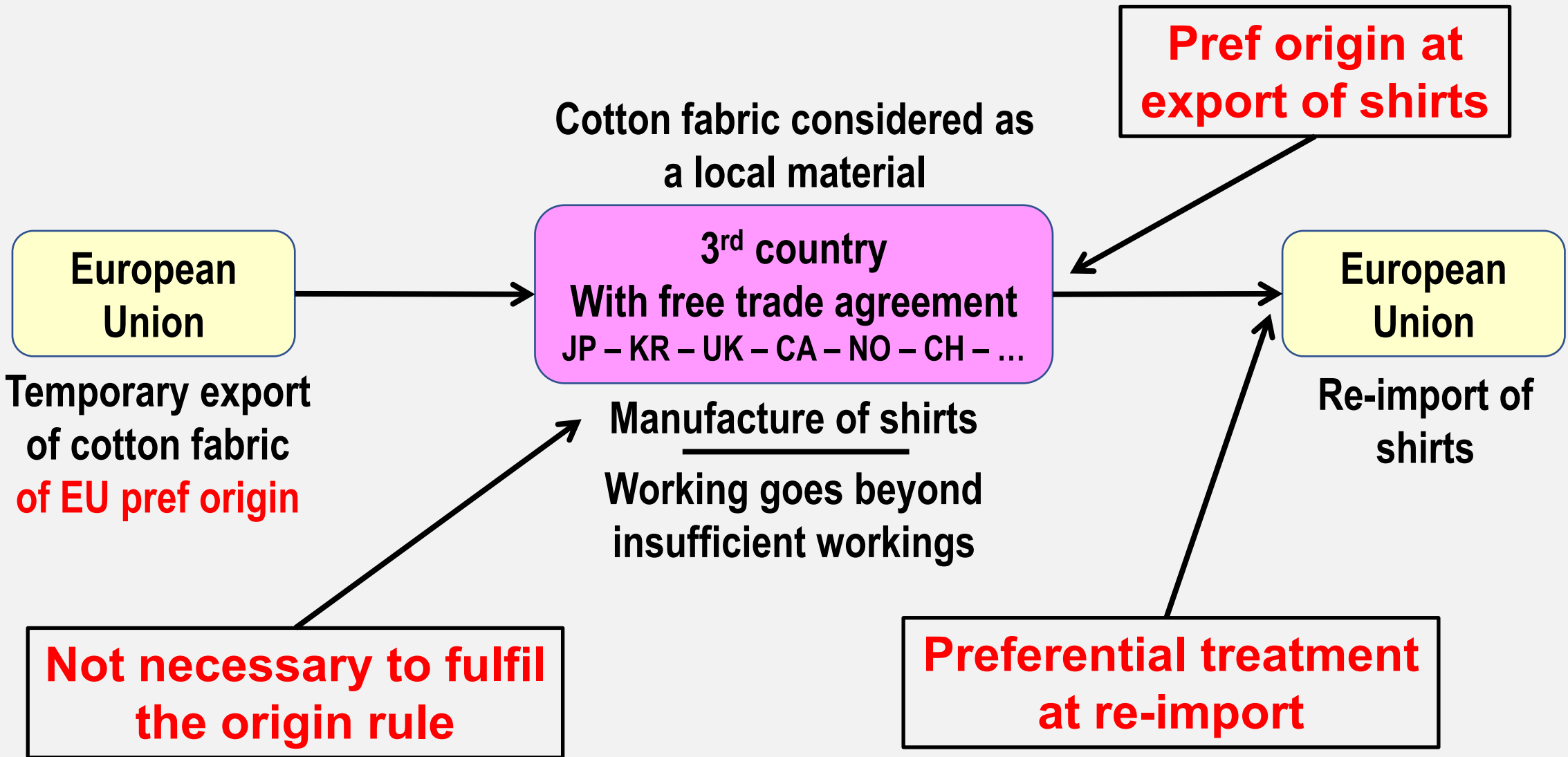


## 2. Bilateral cumulation (1/3)

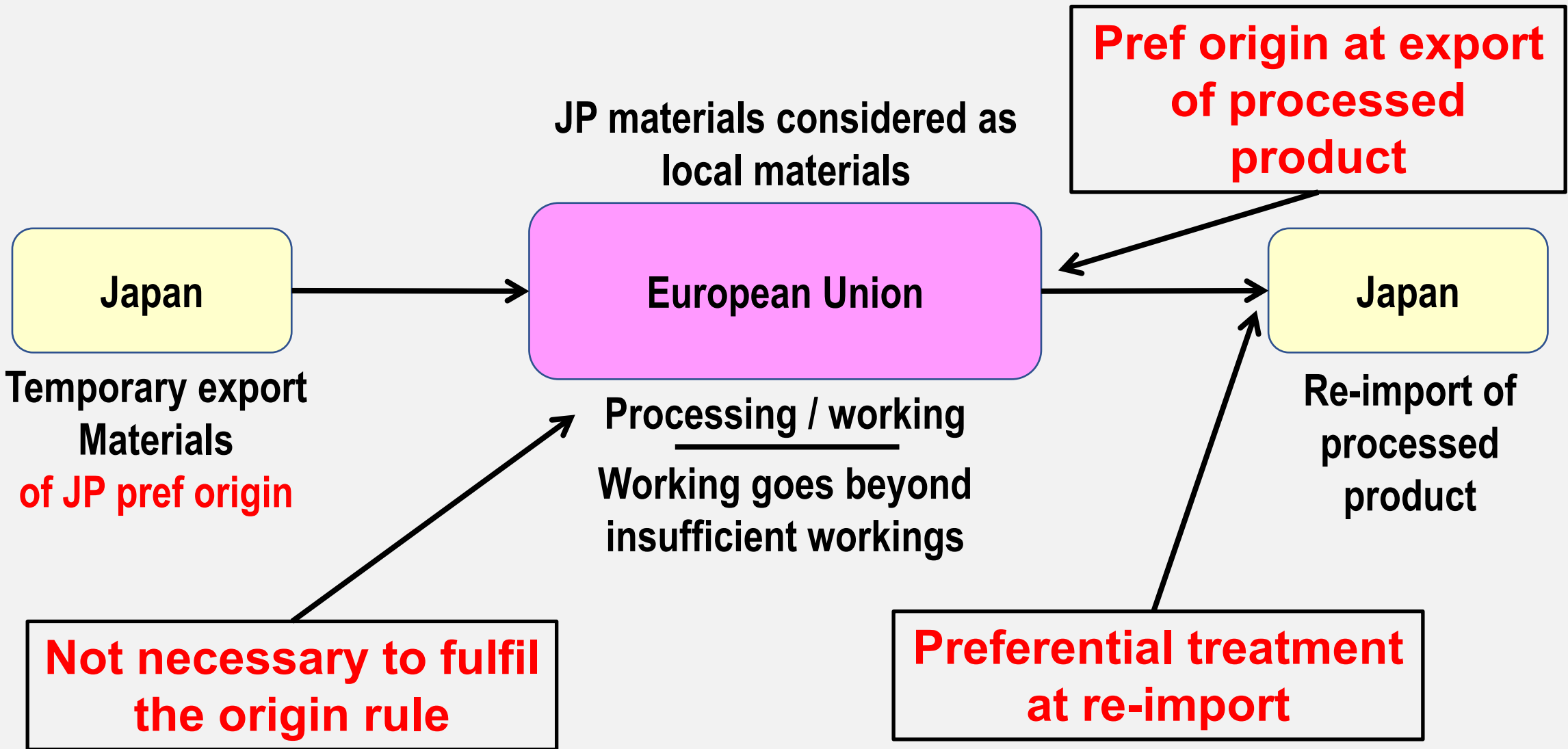
### What is bilateral cumulation ?

- Outward processing in a country with origin agreement with the EU
- Only 2 countries involved
- Temporary export from the EU of **preferential origin materials**
- Working / Processing in a 3<sup>rd</sup> country with agreement
- Working / Processing goes beyond the insufficient workings
- Materials are assimilated to local materials in the processing country
- No obligation to fulfil the sufficient working rule
- Reimportation of processed product(s) with preferential origin
- Preferential treatment at re-import of the processed product(s)

# 2. Bilateral cumulation (2/3)



# 2. Bilateral cumulation (3/3)





### 3. Full cumulation (1/4)

What is full cumulation ? What does it allow to do?

Full cumulation between EU and Japan → only 2 countries involved.

Full cumulation can start either in the EU, or in Japan.

Article 3.5, §2, says the following:

*Production carried out in a Party on a non-originating material may be taken into account for the purpose of determining whether a product is originating in the other Party.*

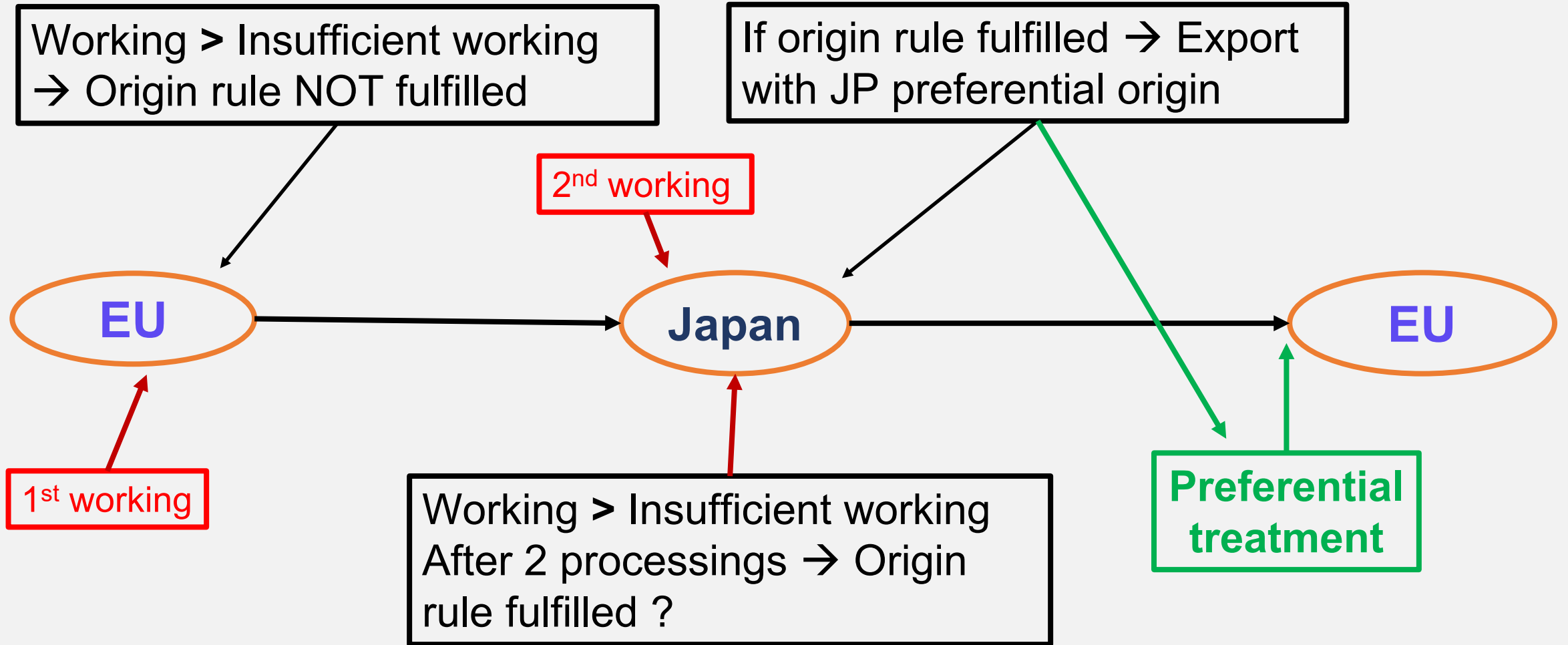
How does it work in practice?

Our example → Start in the EU

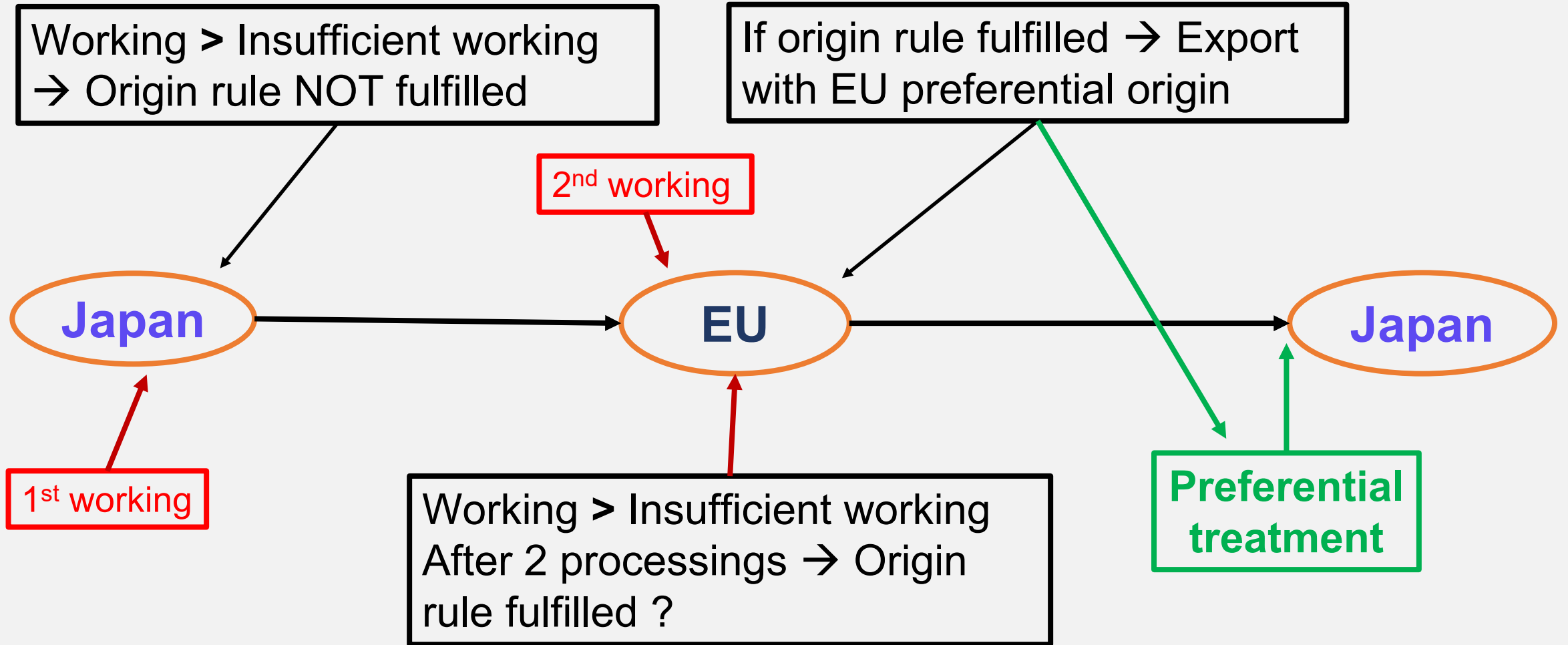
### 3. Full cumulation (2/4)

- “*Outward processing*” in the other Party, after 1<sup>st</sup> working
- Temporary export from the EU, of an in the EU processed product not fulfilling the origin rule, after a first processing on 3<sup>rd</sup> country materials, going beyond the insufficient workings.
- Further processing in Japan, going beyond the insufficient workings, taking into account the 1<sup>st</sup> working in the EU.
- Check whether sufficient working rule is fulfilled after 2<sup>nd</sup> processing.
- If yes, re-export from Japan to EU with preferential origin, and preferential treatment at re-import into the EU.

### 3. Full cumulation (3/4)



### 3. Full cumulation (4/4)

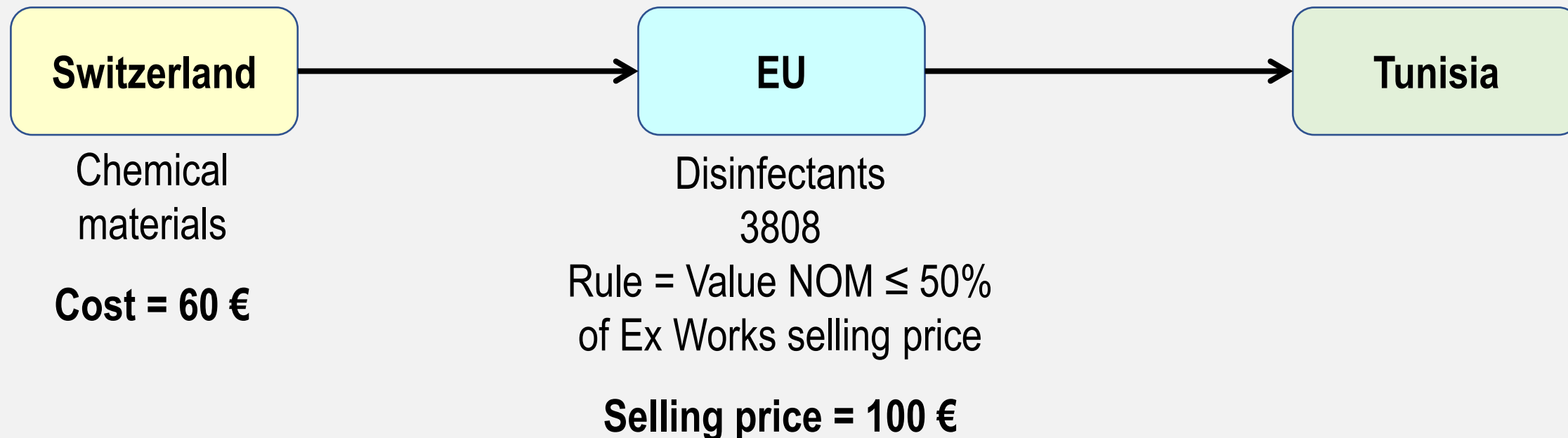


## 4. Diagonal cumulation (1/3)

### What is diagonal cumulation ?

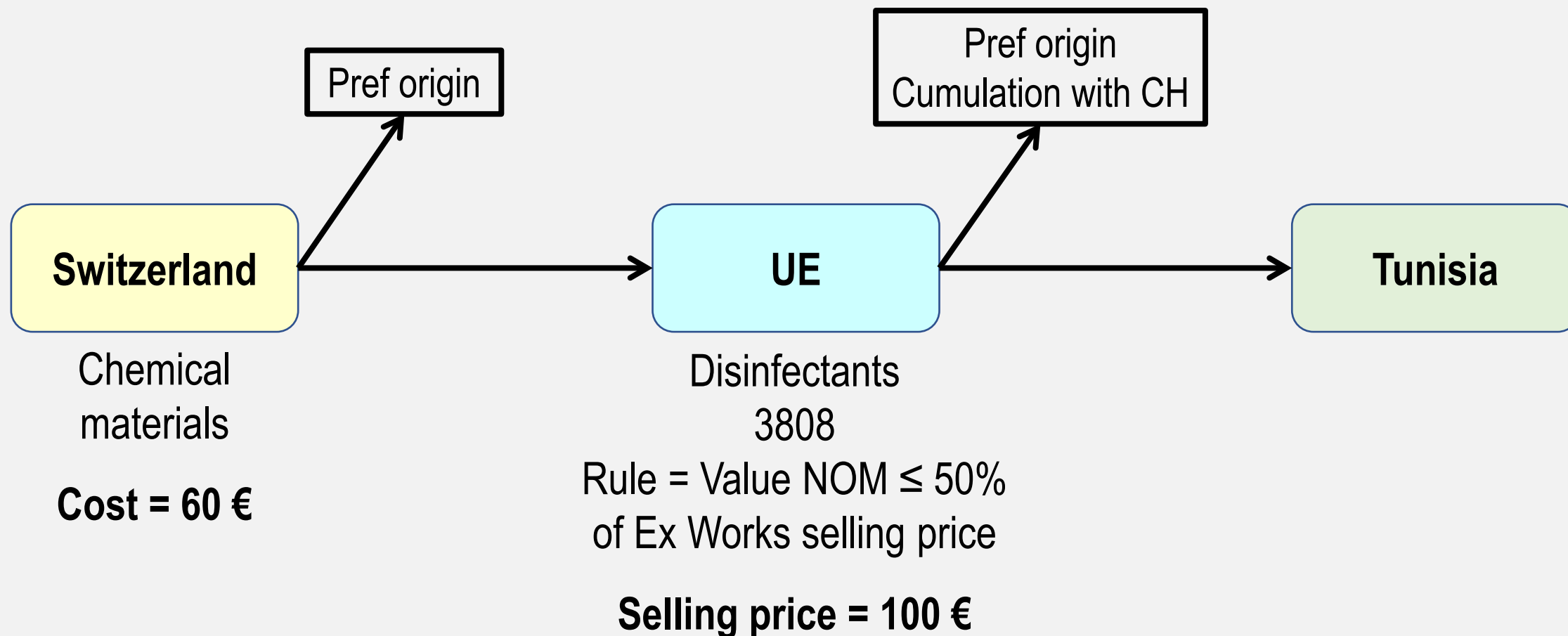
- Like the bilateral cumulation, but more than 2 countries involved
- All the countries have an agreement with each other
- Export of **preferential origin materials**
- Materials are assimilated to local materials in the processing country
- No obligation to fulfil the sufficient working rule
- Export from the processing country with a proof of preferential origin
- Preferential treatment at import of the processed product(s)
- Well known diagonal cumulation zone for the EU : pan-Euro-Mediterranean zone (EU – CH – MA – TN – EG – IL - ... )

## 4. Diagonal cumulation (2/3)



**The working in the EU does not fulfil the origin rule ! → No preferential origin at the export !  
But we have perhaps a solution ...**

## 4. Diagonal cumulation (3/3)



**Cumulation is possible → Agreements : CH – EU / EU – TN / CH – TN**



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**Thank you for your attention!**

**Additional questions ?**

**Mail them to the EU-Japan helpdesk**

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