

EU – JAPAN EPA

TARIFF RATE QUOTAS TRQs

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
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EPA Process

**INCREASE
MARKET SHARE
EU PRODUCTS**

**PROMOTION &
INFORMATION**

**July 2018
Signature**

**1/2/2019
Entry into Force**



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What is a TRQ within the EPA?

- Under the EPA: 25 TRQs for EU agri-food products.
- A TRQ allows for imports at a reduced duty (“in-quota rate”) within the limit of a specified annual quantity (“TRQ volume”).
- The TRQ volumes are allocated to applicants (importers) by Japanese authorities according to guidelines.
- The imports done outside the TRQs are subject to the base (MFN) rate.
- The TRQ volumes are either fixed, or increase on an annual basis by a specified growth factor. TRQ quantity levels remain unchanged at the final year’s level except for the cheese TRQ: indefinite grow in function of Japan’s cheese consumption.
- The “in-quota” rate:
 - can be a fixed lower or zero duty, or
 - be annually reduced to a fixed rate, or to zero.

→ Annual volumes and rates are specified in Annex 2-A Part 3 in the EPA text.

A few examples ...

Food preparations containing cocoa (for the production of chocolate)

Product concerned: 180620.290

Base rate: 21.3%

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Quantity (t)	526	612	698	784	870	956	1042	1128	1214	1300
In-quota rate	DUTY FREE									

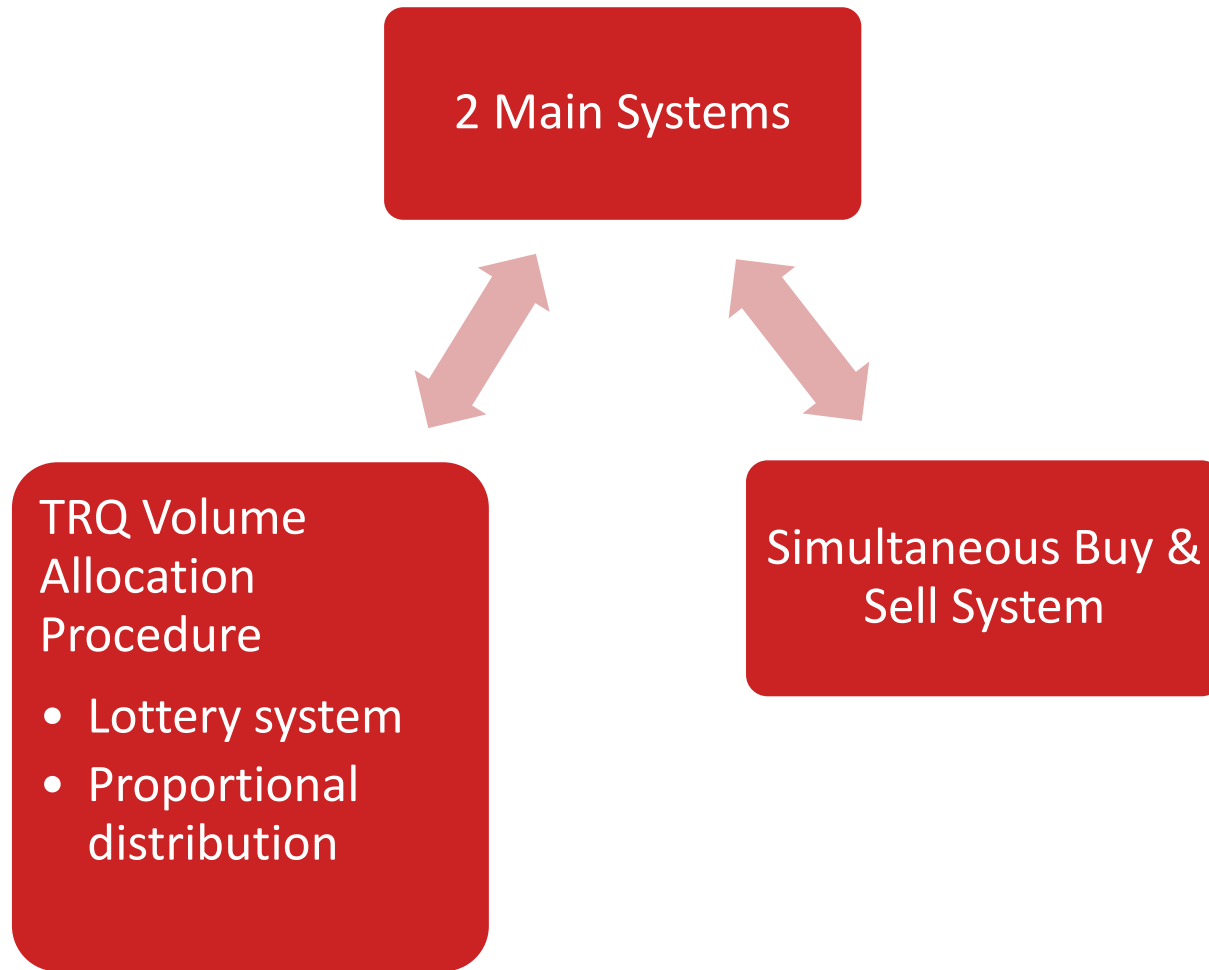
Prepared edible fats and oils

Product concerned: 210690.291

Base rate: 21.3%

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Quantity	380	400	420	440	460	480	500	520	540	560
In-quota rate	19.4%	18.4%	17.4%	16.5%	15.5%	14.5%	13.6%	12.6%	11.6%	10.7%

TRQ Management Systems



Main TRQs and relevant Procedure

Cheeses		2019	2033	Procedure: TRQ. Volume Allocation Procedure by Lottery !! 2021 changes !!
	Quota Vol.	20600t	31000t (*)	
Shredded	In-quota Tar.	19.6%	0%	
Fresh, cream and blue veined	In-quota Tar.	26.1%	0%	
Powdered and processed	In-quota Tar.	35.0%	0%	
Malt		2019	2033	Procedure: Procedure: TRQ. Volume Allocation Procedure by Proportional Distribution
	Quota Vol.	185700t	185700t	
	In-quota Tar.	0%	0%	

(*) Indefinite grow in function of Japan's cheese consumption

Main TRQs and relevant Procedure

Milk powder for chocolate preparation		2019	2028	Procedure: TRQ. Volume Allocation Procedure by Proportional Distribution
	Quota Vol.	6312t	15940t	
	In-quota Tar.	0%	0%	
Wheat flour & pellets		2019	2023	Procedure: Simultaneous Sell & Buy
	Quota Vol.	3800t	4200t	
	In-quota Tar.	0%	0%	

Details of all TRQs: TRQ Factsheet published by EU-Japan Centre

TRQ Management Systems

TRQ Volume Allocation Procedure

- Applied on most of the TRQs (and to the most important TRQs for EU exports, cheeses, dairy products, processed products etc.)
- The allocated volume can be imported during the entire ongoing fiscal year.
- Application periods: January, July and November.
- **Entire TRQ volume made available in 1st period.**

TRQ Volume Allocation Procedure

- If the quantity requested by applicants < TRQ volume: 2nd application period opened. Same for 3rd period.
- If requested quantities < available quantity: applicants get requested quantities.
- If requested quantities > available quantity: allocation via:

Lottery
among the applicants

OR

Proportional
Distribution

= ratio $\frac{\text{requested quantity}}{\text{available quantity}}$

TRQ Volume Allocation Procedure

Required Documentation

Varies according to each TRQ

A few examples of required documents

- TRQ application form
- Registration certificate or certificate of residence
- **Lists of recorded and planned quantities / Certification potential purchaser's intent to buy the goods**
- Import plan, including total requested quantity and import schedule, list of planned quantity

Nota bene

If no changes to the details of the documents in subsequent application: some of the required documentation might no longer be necessary!

TRQ Management Systems

TRQ Volume Allocation Procedure

Use of allocated volume

- TRQ volumes are allocated to Japanese importers
- Allocated volumes are not transferable.
- Unused allocated volume may be returned by the end of September of the year they were obtained.
- Applicants not having entirely used the allocated volume and not returned the unused allocated quantity by the above deadline, will be penalised.

TRQ Management Systems

TRQ Volume Allocation Procedure

Revision of the Cheese TRQ25 for FY2021

Allocation and return deadline

- return deadline of unused quantities is in May
- 2nd allocation is conducted in June

Maximum volume

- maximum limit in allocation is not applied for the 2nd and 3rd allocation periods

Methods for the 2nd allocation period and thereafter

- higher priority to companies with higher usage rate in the previous year
- among companies with 100 % usage rate, quantities are allocated, if necessary, proportionately to individual application volumes and other elements such as past import records
- when allocable quantities are still available after the 2nd allocation, ad-hoc allocation will start on a first-come-first-served basis, from September until March of the following year.
- in this case, application can be made by electronic form only.

TRQ Management Systems

TRQ Volume Allocation Procedure

Revision of the Cheese TRQ25 for FY2021

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<https://www.maff.go.jp/j/kokusai/boueki/triff4.html>

Simultaneous Buy & Sell System

- SBS system manages 6 (cereal based) TRQs:

- Wheat products
- Wheat flour, pellets, rolled and food preparations
- Wheat
- Barley flour, groats and pellets
- Food preparations of barley
- Barley

- MAFF decides on (highest) bids between importers and distributors on the offered TRQ shares.
- MAFF only accepts the bid with the highest **Mark-Up**.

Mark-Up

is the difference between the selling price asked by the importer and the buying price offered by the distributor

TRQ Management Systems

REMARKS

- Quantities of 2 dairy TRQs are expressed in whole milk equivalent. Conversion factors apply for each product concerned.
- Specific technical and/or quantitative import conditions apply on certain quotas (e.g. starch)
- Product specific rules (rules of origin) should be respected to benefit from the preferential treatment under the TRQs

More details in Annex 2-A-3 Section B of the EPA or in the TRQ Factsheet published by the EU-Japan Centre for Industrial Cooperation.

- Japanese TRQ announcements:
<https://www.maff.go.jp/j/kokusai/boueki/triff4.html>

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
TRQ

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 Agreement¹⁰, 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 (TMs): refusal of registration in Japan of subsequent TMs which are likely to mislead consumers; coexistence 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.

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 the defined geographical area.

A further difference is the colour of their logo:



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.¹⁴

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.

- The relevant EU GI legislation depends on the product category:
- Agricultural products and foodstuffs: Regulation (EU) No 1151/2012¹⁴
 - Wines: Regulation (EU) No 1308/2013¹⁵
 - Spirits: Regulation (EC) No 110/2008¹⁶
 - Aromatised wines: Regulation (EU) No 251/2014¹⁷
- 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>



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 3-B: Product specific rules of origin;

- ▶ MAFF TRQ announcements:

<https://www.maff.go.jp/j/kokusai/boueki/triff4.html>

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>

Thank you for your attention

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QUESTIONS ?

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