

WINE PRODUCTS

PRELIMINARY REMARKS

- *The aim of these Factsheet and Guidelines (hereafter 'Report') is to explain to EU wine exporters the market access opportunities offered by the EU-Japan Agreement for an Economic Partnership (EPA) as well as and the recognition of oenological practices (OPs), and in a brief overview, the relevant Rules of Origin. More information on these issues and on specific market entry requirements, including Customs procedures and SPS measures are covered in the relevant Factsheet and Guidelines, or can be found in the 'Food and Beverage Handbook: Japan' ^[1].*
- *As regards product specification, only the Harmonised System (HS) code system at six-digit level, or the Japanese nomenclature at nine-digit level have been used. For detailed description of the Japanese nomenclature, reference is made to the Japanese Schedule in the Agreement.*
- *The complete text of the EPA, and annexes, incorporating the Schedule of Japan, can be found on the following website of the European Commission: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>. Japan's tariff Schedule is in Annex 2-A-4; "Notes for the Schedule of Japan" can be found in Annex 2-A-3. These Notes explain inter alia the various types of concessions, including details, safeguard measures, etc.*



[1] Website: <https://ec.europa.eu/chafea/agri/content/food-and-beverage-market-entry-handbook-japan>

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1. IN A NUTSHELL

Japan's tariffs for EU wines have all been eliminated, at the entry into force of the Agreement on 01/02/2019. Over time both sides will authorise most of current each other's oenological practices (OPs). A number of Geographical Indications (GIs) of EU wines are registered and protected in Japan. Information can be found in the factsheets related to GIs.

- Phase one: at the entry into force of the Agreement, the following OP will be authorised by Japan:

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|------------------------------|--|
| • Calcium alginate | • Perlite |
| • Caramel | • Potassium alginate |
| • L(+) tartaric acid | • Potassium bisulphite – potassium hydrogen sulphite |
| • Lysozyme | • Potato protein |
| • Microcrystalline cellulose | • Yeast protein extracts |
| • Oak chips | |

2. MARKET ACCESS

As from the entry into force, Japan has eliminated its base rate duties for still and sparkling wine products, and vermouth wines^[1], with the exception of a few "other" beverages^[2] - including cider, sake and beverages with an alcoholic strength of less than 1%. The duties of these products will be gradually eliminated in either 5 or 10 years, and become zero as from 1 April 2023 and 1 April 2028, respectively.

- Phase two (by 01/02/2021): Japan shall expeditiously take the necessary steps to authorise the below listed OP.

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|---|--|
| • Ammonium bisulphite | • Metatartaric acid |
| • Calcium carbonate + double calcium salt of L(+) tartaric and L(-) malic acids | • Neutral potassium tartrate |
| • Chitin-glucan derived from Aspergillus | • Neutral salt of potassium DL tartaric acid |
| • Dimethyldicarbonate (DMDC) | • Polyvinylimidazole-polyvinylpyrrolidone copolymers (PVI/PVP) |

3. OENOLOGICAL PRACTICES (OP)

• A number of OP authorised in the EU but currently not complying with the Japanese legislation, will be authorised by Japan in one of the following phases:

- Phase three (by 01/02/2024): Japan shall take necessary steps to authorise the below listed OP.

- | | |
|--------------------------------------|---|
| • Argon | • Potassium bicarbonate = potassium hydrogen carbonate = potassium acid carbonate |
| • Calcium phytate | • Potassium caseinate |
| • Calcium tartrate | • Potassium ferrocyanide |
| • Copper sulphate | |
| • Kaolin (aluminium silicate) | |
| • Malolactic fermentation activators | |

- It needs to be underlined that a similar approach has been agreed for Japanese OP not listed in EU legislation.
- Should Japan not have approved the OP listed under phase two within 2 years after the entry into force of the Agreement, the EU may temporarily suspend the acceptance of the self-certification of wine products, provided for in Art. 2.28^[3] (see point 5 below) and the EU will not allow the relevant Japanese OP.
- The Parties shall enter into consultation should they not have approved the OP listed under phase three within five years after the entry into force of the Agreement.



This document has been prepared with the sole purpose of simplifying the understanding of some parts of the EU-Japan EPA and bears no legal standing.





REFERENCES & SOURCES

- [1] Products concerned: HS2204, HS2205
- [2] Products concerned are: duty free as from 1 April 2023: 220590.100, 220600.100, 220600.221, 220600.229 – duty free as from 1 April 2028: 220600.210, 220600.228.
- [3] On condition that the EU has approved Japanese OP listed under phase two on the EU side.



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RULES OF ORIGIN / PRODUCT SPECIFIC RULE

• The Rules of Origin (RoO) under the EPA are determined by product in the so-called Product Specific Rule of Origin (PSR), and listed in Annex 3-B of the Agreement^[1].

• The PSR specifies the following rule for HS 22.04 – HS 22.06 products (among which HS 22.04 Wines of fresh grapes and HS 22.05 Vermouth wines and other (flavoured) wines) imported in Japan:

“CTH except from headings 22.07 and 22.08, provided that:

- All the materials of subheadings 0806.10, 2009.61 and 2009.69 used are wholly obtained;
- The weight of non-originating materials of Chapter 4 (Dairy products) used does not exceed 40% of the weight of the product [not applicable to wines]; and
- The total weight of non-originating materials of headings 17.01 and 17.02 used does not exceed 40% of the weight of the product.”

• CTH (Change of Tariff Heading) means that non-(EU) originating materials (imported from non-contracting parties) may be used in the wine production if they are classified under another tariff heading in the HS classification system, however, there are exceptions to this general rule for several commodities - as an example:

- non-originating materials classified under HS 22.07 or HS 22.08 (for example, non-originating spirits, classified under HS 22.08) may not be used in the wine production if the product has to be imported in Japan under EPA preference
- sugar used in wine production may be non-originating as its classification HS17.01 or HS17.02 is from another heading than wine (HS22.04); the sugar undergoes a change of tariff classification at 4-digit level. The non-originating sugar has, however, a weight limit of 40% of the weight of the (wine) product

• More information on RoO can be found in the relevant Factsheet and Guidelines, published on the website of the EU-Japan Centre, and in Annex 3-A of the EPA text.

DISCLAIMER

The Report has been prepared with the sole purpose of clarifying and simplifying the understanding of some parts of the EU-Japan EPA related to wine products, and bear therefore no legal standing. While utmost care was taken in the preparation of the report, the author, the EU-Japan Centre, and the European Commission cannot be held responsible for any error or omission. This report does not constitute legal advice in terms of business development cases. As a result, only the legal text and annexes of the EU-Japan EPA, as well as relevant legislation in the EU and Japan prevail. The Report reflects the view of the author who cannot be held responsible for any use which may be made of the information contained herein.

[1] Annex 3-B can be found here: <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>

