

# TEXTILES

## PRELIMINARY REMARKS

- *The aim of this Factsheet is to explain to EU exporters of textile products, the market access opportunities offered by the EU-Japan Agreement for an Economic Partnership (EPA) as well as, in a brief overview, the relevant Rules of Origin.*
- *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.*
- *In the Japanese Schedule, **a fiscal year** (FY) means the period between 1 April of one year and 31 March of the next year. As the Agreement has entered into force on 1 February 2019, the first year was the period between 1 February 2019 and 31 March 2019.*
- *All quantities are expressed in metric tonnes (t), unless stated otherwise.*
- *The complete text of the EPA, and annexes, incorporating the Schedule of Japan, can be found on the following website of the European Commission: <https://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 on TRQs, safeguard measures, etc.*



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## 1. MARKET ACCESS

A large majority of all tariff lines related to textile products (Chapter 50 to Chapter 63) has been liberalised as from the entry into force of the Agreement, or already had a zero MFN base rate before the entry into force of the Agreement.

The Schedule of the EPA only lists products which were not liberalised at the entry into force of the EPA. Products, which have been liberalised at the entry into force or which had already duty-free access in Japan (on an *erga omnes* basis) before the EPA entered into force, **are therefore not listed in the EPA Schedule**.

The complete list of all products, together with the base rates and applied tariffs under the EPA, including those with duty free access, can be found on the website of the Japanese Customs: [http://www.customs.go.jp/english/tariff/2019\\_4/data/e\\_50.htm](http://www.customs.go.jp/english/tariff/2019_4/data/e_50.htm). Caution: updates are published regularly with the preferential tariffs of the relevant fiscal year.

The below table lists the most important of products liberalised at the entry into force of the EPA. The ranking is based on EU export performance to Japan.

JAPANESE TARIFF CODE	PRODUCT NAME	MFN RATE
621420200	Shawls, scarves, mufflers, mantillas, veils and the like of wool or fine animal hair, not containing furskin or combined or trimmed with precious metal, metal clad with precious metal, metal plated with precious metal, precious stones, semi-precious stones or pearl.	(8%)
620342200	Trousers, bib and brace overalls, breeches and shorts, of cotton, other than containing furskin.	9.1%
511211020	Woven fabrics of combed wool of combed fine animal hair; containing 85 % or more by weight of wool or of fine animal hair. Of a weight not exceeding 200g/m <sup>2</sup> . Containing less than 10% by weight of silk.	5.3%
621510010	Ties, bow ties and cravats, with outer surface of silk only.	(13.4)
560130200	Wadding of textile materials and articles thereof: textile flock and dust other than mill neps.	(2.5%)
611011010	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted, of wool.	(10.9)
560312290	Nonwovens, whether or not impregnated, coated, covered or laminated. Of man-made filaments; weighing more than 25 g/m <sup>2</sup> but not more than 70 g/m <sup>2</sup> ; other than of aromatic polyamide fibres, used for electrical insulating materials, other than of nylon or other polyamides, other than of polyester, other than polypropylene, other than of viscose rayon.	4.3%
620520000	Men's or boy's shirts, of cotton.	7.4%
620211200	Overcoats, raincoats, car-coats, capes, cloaks and similar articles, of wool or fine animal hair, not containing furskin.	9.1%
620311200	Overcoats, raincoats, car-coats, capes, cloaks and similar articles, of cotton, not containing furskin.	9.1%
620462200	Women's trousers, bib and brace overalls, breeches and shorts, of cotton, not containing furskin.	9.1%
620331200	Men's or boys' jackets, blazers, of wool or fine animal hair, not containing furskin.	9.1%
620213200	Women overcoats, raincoats, car-coats, capes, cloaks and similar articles, of cotton, not containing furskin.	9.1%
620193200	Men's or boy's overcoats, raincoats, car-coats, capes, cloaks and similar articles: of man-made fibres, not containing furskin.	9.1%
620449200	Women's dresses, of other textile materials, not containing furskin.	9.1%
611020019	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted. Of cotton, containing embroidery or lace, or figured.	(10.9%)

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The few textile products lines which were not liberalised at the entry into force of the EPA, will have duties phased out in 10 or 12 years. These products are classified under Chapter 50 – Silk products, as can be observed in below table:

CODE	LABEL	MFN BASE RATE	EPA FY 2019 (*)	EPA FY 2020	EPA FY 2021	EPA FY 2022	EPA FY 2023	EPA FY 2024	EPA FY 2025	EPA FY 2026	EPA FY 2027	EPA FY 2028	EPA FY 2029	EPA FY 2030
500100090	Silk worm cocoons suitable for reeling	2523.64 Yen/kg	2064.27 Yen/kg	1834.91 Yen/kg	1605.55 Yen/kg	1376.18 Yen/kg	1146.82 Yen/kg	917.45 Yen/kg	688.09 Yen/kg	458.73 Yen/kg	229.36 Yen/kg	Free	Free	Free
500200221	Raw silk (not thrown), other than wild silk, double cocoons silk	6978 Yen/kg	5709.27 Yen/kg	5074.91 Yen/kg	4440.55 Yen/kg	3806.18 Yen/kg	3171.82 Yen/kg	2537.45 Yen/kg	1903.09 Yen/kg	1268.73 Yen/kg	634.36 Yen/kg	Free	Free	Free
500200225	Raw silk (not thrown), other than wild silk, other than double cocoons silk, 20/22 denier	6978 Yen/kg	5709.27 Yen/kg	5074.91 Yen/kg	4440.55 Yen/kg	3806.18 Yen/kg	3171.82 Yen/kg	2537.45 Yen/kg	1903.09 Yen/kg	1268.73 Yen/kg	634.36 Yen/kg	Free	Free	Free
500200226	Raw silk (not thrown), other than wild silk, other than double cocoons silk, 20/29 denier	6978 Yen/kg	5904.46 Yen/kg	5367.69 Yen/kg	4830.92 Yen/kg	4294.15 Yen/kg	3757.38 Yen/kg	3220.62 Yen/kg	2683.85 Yen/kg	2147.08 Yen/kg	1610.31 Yen/kg	1073.54 Yen/kg	536.77 Yen/kg	Free
500200227	Raw silk (not thrown), other than wild silk, other than double cocoons silk, other	6978 Yen/kg	5709.27 Yen/kg	5074.91 Yen/kg	4440.55 Yen/kg	3806.18 Yen/kg	3171.82 Yen/kg	2537.45 Yen/kg	1903.09 Yen/kg	1268.73 Yen/kg	634.36 Yen/kg	Free	Free	Free

(\*) as from 1/4/2019



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## 2. RULES OF ORIGIN

### 2.1. GENERAL

- To benefit from EPA preferential tariff rates, the product needs to be originating in Japan or the EU. In order to be considered 'originating', the product needs to comply with the provisions "Rules of Origin" of Chapter 3 Section A and the Product Specific Rules – PSR - (Annexes 3-A, 3-B, Appendix 3-B-1) of the Agreement.<sup>[1]</sup>
- A product shall be considered as 'originating' in the other Party if:
  - Wholly obtained or produced products as provided for in Art. 3.3 of the Agreement;
  - Products produced exclusively from materials originating in the Party;
  - Products produced using non-originating materials, provided they satisfy all applicable requirements of Annex 3-B.



- The **Chapter 3 Section A** includes provisions allowing more flexibility to comply with these Product Specific rules (tolerance, bilateral full cumulation, absorption rule etc.).
- **Chapter 3 Section B** ("Origin procedures") of the EPA sets out the procedures to claim preferential treatment. The EPA is based on the self-certification system, therefore the EU or Japanese exporters self-certify that the product is originating by making a statement on origin in line with Chapter 3, Section A including its Annex 3-D ("Text of the statement on origin" – can be found on [http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc\\_157231.pdf#page=149](http://trade.ec.europa.eu/doclib/docs/2018/august/tradoc_157231.pdf#page=149)). Moreover, the EPA gives for the first time a possibility for the importers to claim preferential tariff treatment on the basis of 'importer's knowledge', which contributes to trade facilitation for the related companies.
- **Annex 3-A** contains Introductory Notes to Annex 3-B (the Product Specific Rules of Origin).
- It includes a number of definitions, including the below listed:
  - **"Chapter"** means the first two-digits in the tariff classification number under the Harmonized System;
  - **"Heading"** means the first four-digits in the tariff classification number under the Harmonized System;
  - **"Subheading"** means the first six-digits in the tariff classification number under the Harmonized System;
  - **"Wholly obtained"**: EU/JPN origin is required.
  - **"CC (Change of Chapter)"** means than non-(EU/JPN) originating materials (imported from non-contracting parties) may be used in the production of the goods concerned, if these materials are classified under another tariff chapter of the goods in the HS classification system (at 2-digit level).

[1] More information can be found on the following websites:  
Japan's Customs: [http://www.customs.go.jp/english/c-answer\\_e/imtsukan/1524\\_e.htm](http://www.customs.go.jp/english/c-answer_e/imtsukan/1524_e.htm)  
European Commission (DG TRADE): <http://madb.europa.eu/madb/viewPageIFPubli.htm?doc=ppo&hscod=0402&countryid=JP>

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• **“CTH (Change of Tariff Heading)”** means that non-(EU/JPN) originating materials (imported from non-contracting parties) may be used in the production of the goods concerned, if these materials are classified under another tariff heading of the goods in the HS classification system (at 4-digit level).

• **“CTSH (Change of Tariff Sub-Heading)”** means that non-(EU) originating materials (imported from non-contracting parties) may be used in the production of the goods concerned, if these materials are classified under another tariff sub-heading of the goods in the HS classification system (at 6-digit level).

- It furthermore provides the provisions for the tolerance rules applicable to certain textile products. The tolerance rules permit manufacturers to use non-originating materials up to a specific limit.

• Product Specific Rules of Origin (PSR) are laid down in **Annex 3-B** of the Agreement. This annex sets out (per 4 or 6-digit tariff heading) the requirements to be originating.

Further to the three conditions specified under the above 2nd indent, these requirements can be:

- a change in tariff classification,
- a production process,
- a maximum value of non-originating materials, or a minimum regional value content, or
- any other requirement specified in Annex 3-A and in Annex 3-B (PSR).

As in most of similar Agreements the EU has concluded with third countries, the EPA provides for a clause of **“Bilateral Cumulation”**. This clause specifies that if a product qualifying as originating in one Party, it is considered as qualifying in the other Party if that product is used as a material in the production of another product in the other Party (Art. 3.5 of the Agreement), or in other words bilateral cumulation allows inputs/materials originating in Japan to be considered as originating in the EU when further processed or incorporated in the EU and exported to Japan (and vice and versa). Only materials deemed originating can benefit from this basic type of bilateral cumulation.



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## 2.2. SPECIFIC RULES AS REGARDS TEXTILE PRODUCTS

**2.2.1.** A large majority of PSR rules for textile products is based on production processes. The operators have the choice between different combinations of processes. The basic principle applicable is the “double transformation rule”.

- The PSR for **yarn** – in this particular example silk yarn (50.06), confer origin by:
  - Spinning of natural fibres;
  - Extrusion of man-made continuous filament combined with spinning;
  - Extrusion of man-made continuous filament combined with twisting, **or**
  - Twisting combined with any mechanical operation.
- The product specific rules are almost identical for all types of **fabrics** (i.e. for natural fabrics and for synthetic fabrics). See below, as an example, the product specific rules for woven fabrics of silk or of silk waste (CH50.07):
  - Spinning of natural or man-made staple fibres combined with weaving;
  - Extrusion of man-made filament yarn combined with weaving;
  - Twisting or any mechanical operation combined with weaving;
  - Weaving combined with dyeing;
  - Yarn dyeing combined with weaving;
  - Weaving combined with printing; **or**
  - Printing (as standalone operation )<sup>[2]</sup>.

According to the PSR, the operators can import

**[2] Printing as a standalone operation** means a technique by which an objectively assessed function, such as colour design, is given to a textile substrate with a permanent character, using screen, roller, digital or transfer techniques combined with at least two preparatory or finishing operations (such as for instance scouring, bleaching or heat setting), provided that the value of all non-originating materials used does not exceed 50% of the Ex-Works price (EXW) of the product, or 45% of the Free on Board price (FOB) of the product.

**More details of these and other definitions can be found in Annex 3-A of the Agreement.**

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non-originating yarn if they do the weaving with one more process, e.g. dyeing or printing. In addition, non-originating fabrics can be imported if the operators comply with the printing as standalone operation.

- As another example: the general PSR for articles of **apparel and clothing accessories** not knitted or crocheted (chapter 62), confers origin by:
  - Weaving combined with making-up including cutting of fabric; or
  - Making-up including cutting of fabric preceded by printing (as standalone operation).



**2.2.2.** A few products (at 4-digit level) have a PSR based on a change of tariff classification (and more specifically “CTH”).

- **Example:** Hand-woven tapestries (HS58.05) – PSR: CTH Hence wool used in the production of hand-woven tapestries may be non-originating as its classification HS51.01 is from another heading than the one under which falls hand-woven tapestries (HS58.05); the wool undergoes a change of tariff classification at 4-digit level.

More information on RoO can be found in the relevant Factsheet and Guidelines, published on the website of the EU-Japan Centre.





## DISCLAIMER

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