Efforts by Japan Customs for further Utilization of EPAs/FTAs

Workshop on Rules of Origin

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Office of Economic Partnership, Customs and Tariff Bureau, Ministry of Finance, Japan
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In Force or Signed ➤21
Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, ASEAN, Philippines, Switzerland, Viet Nam, India, Peru, Australia, Mongolia, TPP12 (signed), CPTPP, EU, US, UK, RCEP

Under Negotiations ➤3
Turkey, Colombia, Japan-China-ROK

Others (Negotiations suspended)
GCC, Korea, Canada

Shift of governmental efforts

Negotiation  Implementation  Utilization
<table>
<thead>
<tr>
<th>YEAR</th>
<th>EPA/FTA</th>
<th>YEAR</th>
<th>EPA/FTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>Japan-Singapore</td>
<td>2009</td>
<td>Japan-Vietnam</td>
</tr>
<tr>
<td>2005</td>
<td>Japan-Mexico</td>
<td>2011</td>
<td>Japan- India</td>
</tr>
<tr>
<td>2006</td>
<td>Japan-Malaysia</td>
<td>2012</td>
<td>Japan- Peru</td>
</tr>
<tr>
<td>2007</td>
<td>Japan-Chile</td>
<td>2015</td>
<td>Japan- Australia</td>
</tr>
<tr>
<td>2007</td>
<td>Japan-Thailand</td>
<td>2016</td>
<td>Japan- Mongolia</td>
</tr>
<tr>
<td>2008</td>
<td>Japan- Indonesia</td>
<td>2018</td>
<td>CPTPP (TPP11)</td>
</tr>
<tr>
<td>2008</td>
<td>Japan- Brunei</td>
<td>2019</td>
<td>Japan- EU</td>
</tr>
<tr>
<td>2008</td>
<td>Japan-ASEAN</td>
<td>2020</td>
<td>Japan- US</td>
</tr>
<tr>
<td>2008</td>
<td>Japan-Philippines</td>
<td>2021</td>
<td>Japan- UK</td>
</tr>
<tr>
<td>2009</td>
<td>Japan-Switzerland</td>
<td>2022</td>
<td>RCEP</td>
</tr>
</tbody>
</table>
Trade Value with FTA Partners

- ASEAN 14.85%
- China 22.85%
- US 14.14%
- EU 10.18%
- Other 6.55%
- Australia 4.41%
- Korea 5.54%
- GCC 5.96%
- HK 2.39%
- Taiwan 5.76%
- Turkey 0.26%
- Colombia 0.11%
- Mexico 1.09%
- Chile 0.63%
- Switzerland 0.83%
- Peru 0.23%
- India 1.24%
- Mongolia 0.03%
- NZ 0.37%
- Canada 0.37%
- UK 1.13%

Source: Trade Statistics of Ministry of Finance (2021 CY)

85.3% of trade is with FTA partners.
<table>
<thead>
<tr>
<th>Origin Certification in each EPAs/FTAs</th>
<th>Certification of Origin</th>
<th>Certification by Approved Exporter</th>
<th>Self Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Exporter, Producer</td>
</tr>
<tr>
<td>AJCEP &amp; Bilateral FTA with ASEAN</td>
<td>☐</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Japan – Mexico (2005)</td>
<td>☐</td>
<td>☑</td>
<td>-</td>
</tr>
<tr>
<td>Japan – Switzerland (2009)</td>
<td>☐</td>
<td>☑</td>
<td>-</td>
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<tr>
<td>Japan – Peru (2012)</td>
<td>☐</td>
<td>☑</td>
<td>-</td>
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<tr>
<td>Japan – Australia (2015)</td>
<td>☐</td>
<td>-</td>
<td>☑</td>
</tr>
<tr>
<td>CPTTP (2018)</td>
<td>-</td>
<td>-</td>
<td>☑</td>
</tr>
<tr>
<td>Japan – EU (2019)</td>
<td>-</td>
<td>-</td>
<td>☑</td>
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<tr>
<td>Japan – US (2020)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Japan – UK (2021)</td>
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<td>-</td>
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<tr>
<td>RCEP (2022)</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
</tr>
</tbody>
</table>

※Currently implemented among Japan, Australia, and New Zealand
※Currently implemented by Japan

As of Jan, 2023
Upgrade of existing EPAs: eCO

- Export Country
  - Exporter
  - Apply
  - Issue
  - Issuing authority

- Importing Customs
  - Import Declaration

- Import Country
  - Importer
  - Custom Japan

*PDF is acceptable

- Issue of paper-based CO

- Export Country
  - Exporter
  - Apply
  - CO
  - CO data
  - Exchange of Data (Via Internet)
  - Issuing authority

- Importing Customs
  - Import Declaration

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*Submission of paper-based CO

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*Submission of paper-based CO
Shift of governmental efforts

Negotiation  Implementation  Utilization
Efforts for further utilization of EPAs/FTAs

Needs Assessment on traders
- Questionnaire survey
- Interview

Information via Customs Web
- Movie contents (YouTube)
- Accessibility improvement
- Pamphlets
- Partners’ info
  (e.g. tariff schedule)

Support for exporters
- Consultation desk
- Verification

Seminars for private sectors
- New EPA/FTA
- Irregularity cases
Questionnaire Survey on EPA utilization

Background
✓ From the viewpoint of promoting utilization of EPAs, a questionnaire survey was conducted by JMOF to assess the needs of business operators.

Survey method
✓ Survey period: December 9, 2021 – January 31, 2022
✓ Number of valid answerers: 1,034 (number of responses 1,082)
  ※multiple answers allowed
✓ 1,034 respondents from following industries;
  Customs broker 473
  Manufacturing 322
  Transportation and Warehousing 188
  Trading 150
  Others(Wholesales, Consultant) 20
  Others 10
  Finance 1
### Questionnaire Survey on EPA utilization

#### Reasons why respondents have never used EPAs

<table>
<thead>
<tr>
<th>Import</th>
<th>(Unit: companies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFN rates of duty has already been eliminated</td>
<td>51</td>
</tr>
<tr>
<td>Admin burden to check if products meet the Rules of Origin is large</td>
<td>36</td>
</tr>
<tr>
<td>Organizational structure is not accustomed to using EPAs</td>
<td>31</td>
</tr>
<tr>
<td>The difference between MFN rate and preferential rate is small</td>
<td>16</td>
</tr>
<tr>
<td>Lack of information to use EPAs</td>
<td>12</td>
</tr>
<tr>
<td>Products do not meet the Rules of Origin</td>
<td>9</td>
</tr>
<tr>
<td>Have experienced trouble related to EPA appliances at custom clearance in Japan</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export</th>
<th>(Unit: companies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational structure is not accustomed to using EPAs</td>
<td>32</td>
</tr>
<tr>
<td>MFN rates of duty has already been eliminated</td>
<td>31</td>
</tr>
<tr>
<td>Admin burden to check if products meet the Rules of Origin is large</td>
<td>24</td>
</tr>
<tr>
<td>Every exportation involves application procedure of certificate of origin, which takes effort and cost</td>
<td>18</td>
</tr>
<tr>
<td>Lack of information to use EPAs</td>
<td>14</td>
</tr>
<tr>
<td>Products do not meet the Rules of Origin</td>
<td>9</td>
</tr>
<tr>
<td>Difficulty in tariff classification in partner countries</td>
<td>7</td>
</tr>
<tr>
<td>The difference between MFN rate and preferential rate is small</td>
<td>2</td>
</tr>
<tr>
<td>Have experienced trouble related to EPA appliances at custom clearance in partner countries</td>
<td>2</td>
</tr>
</tbody>
</table>
As the number of EPAs/FTAs in force grows, exporters have more opportunities to use them.

Our Approach

- Improving Japan Customs website’s accessibility and creating reference materials in various platforms
- Hosting information sessions for companies in line with their needs to deepen their knowledge about EPA
- Supporting exporters by providing consultation and various information about EPA partner countries
- Understanding companies’ needs through surveys and interviews
Improving the accessibilities of EPAs/FTAs web

Japan Customs website for Rules of Origin (※Japanese language)
https://www.customs.go.jp/roo/index.htm

Verification

Advance Ruling

PSR research system

Materials of each agreement

Sample formats of declaration of origin
Improving the accessibilities of EPAs/FTAs web

Reference
PSR research system (Japan Customs website)

<table>
<thead>
<tr>
<th>国名 / Country</th>
<th>品目 / Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>ベトナム / VIET NAM</td>
<td>620711</td>
</tr>
</tbody>
</table>

PSR corresponding to the applicable EPAs/FTAs can be found

<table>
<thead>
<tr>
<th>地域的な包括的経済連携 (RCEP) 協定 (HS2022) / REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP) AGREEMENT (HS2022)</th>
<th>品目別原産地規則 / PSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>HS2022</td>
<td></td>
</tr>
</tbody>
</table>
Guideline for the statement on Origin/Importer’s Knowledge and verification under the Japan-EU EPA

1. Introduction

In the Agreement between the European Union and Japan for an Economic Partnership (hereinafter referred to as “the Agreement”), the self-declaration system is introduced. A claim for preferential tariff treatment is based either on a statement on origin or on importer’s knowledge.

2. Statement on Origin

Where an importer makes a claim for preferential tariff treatment based on a statement on origin in accordance with Article 3.16.2(a) of the Agreement, that statement on origin shall be made out by an “exporter” (“exporter” includes “producer” (hereinafter the same shall apply)), using one of the linguistic versions of the text set out in Annex 3-D of Chapter 3 (Rules of origin and origin procedures) of the Agreement on an invoice or on any other commercial document (please refer to Annex 1 of this Guideline). Furthermore, the statement is not necessary to be translated.

The “exporter” can be any person (such as a producer or a trading company) making out the statement on origin involved in the production and/or exportation of the product, as long as this person fulfils the obligations under the EPA. It is not necessary that the “exporter” lodges the customs export declaration in respect of the products. The EPA imposes that the statement on origin is made out by the exporter but does not include any explicit requirement as to the identity of the person issuing the commercial document used for making out the statement. The obligation to provide a sufficient description of the products lies on the exporter even if its statement on origin appears on another person’s document.

Therefore, nothing in the EPA prevents the following scenarios to apply where the

*Japanese only

Self-certification guidance is available on

- Japan- Australia*
- TPP11
- Japan-EU
- Japan-US *
- Japan-UK *
- RCEP *

*Japanese only
Consultation Desk regarding exportation from Japan which utilizes Self-Certification System

✓ Experts at ROO Center provide consultation for Japanese exporters and producers regarding the rules of origin.

✓ They also provide consultation regarding the verification from importing country.
WCO/JICA Master Trainer Programme (MTP)

Background in general
✓ Develop more sustainable and self-contained training capabilities in participating regions

Accomplishment so far
✓ About 150 Master Trainers on HS, CV, PCA and RM/IA developed until June 2021. Some are WCO Accredited Experts.
✓ More than 43,000 people trained by Master Trainers (since 2018)

MTP on ROO
✓ Started in Sep 2021.
✓ Specific objective: to cooperate with African WCO Members to implement AfCFTA.
✓ Working Group members: 21 WCO Members nominated participants.
✓ Experts: WCO Secretariat, Japan Customs, AfCFTA Secretariat and RECs
Thank you