



Rialtas na hÉireann
Government of Ireland

The EU and Japan's Economic Partnership Agreement

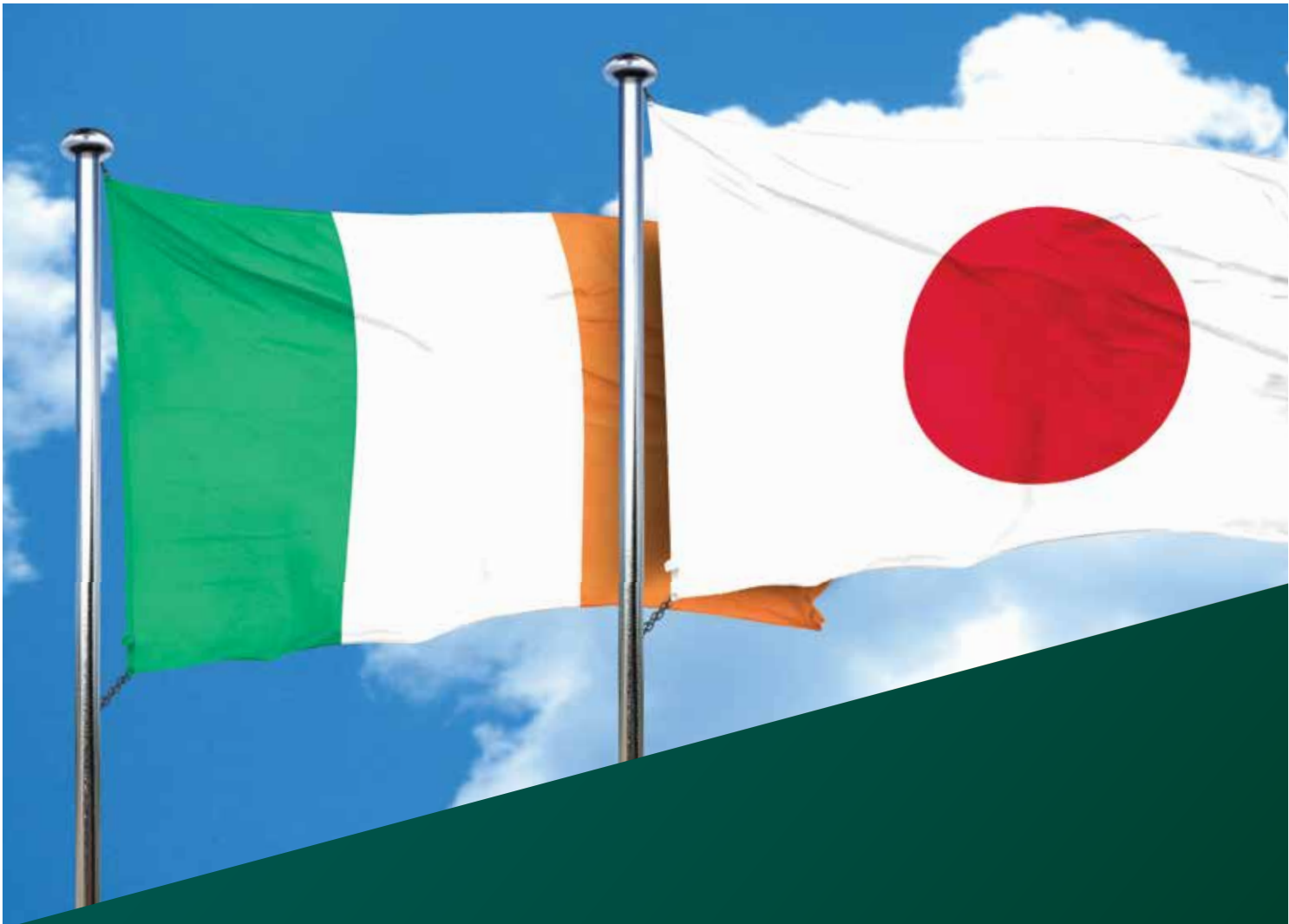
What it Means for Irish Exporters



Prepared by the Department of Business,
Enterprise and Innovation
www.dbei.gov.ie

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Economic Partnership Agreement

The EU and Japan's Economic Partnership Agreement entered into force on 1st February 2019. This Trade Agreement opens a new marketplace of 635 million people and almost a third of the world's GDP. It is estimated it will save European businesses €1bn in duties every year.

This modern-styled trade agreement generates benefits for Irish companies by:

- Scrapping tariffs and expanding quotas
- Opening up Japanese services markets
- Removing technical barriers to trade
- Making it easier for business visitors to travel and work in Japan.

The Ireland-Japan Relationship

Japan is world leader in Information and Communication Technologies (ICT) and is renowned for its appetite for technological innovation. With the 2019 Rugby World Cup, 2020 Olympics and the EPA Trade Deal, Japan is centre stage and offers many business opportunities for Irish companies.

Ireland-Japan Trade Stats



Japan is Ireland's 3rd largest trade partner outside the EU and the 2nd largest in Asia

€1.85bn - The value of Ireland's trade surplus in goods with Japan

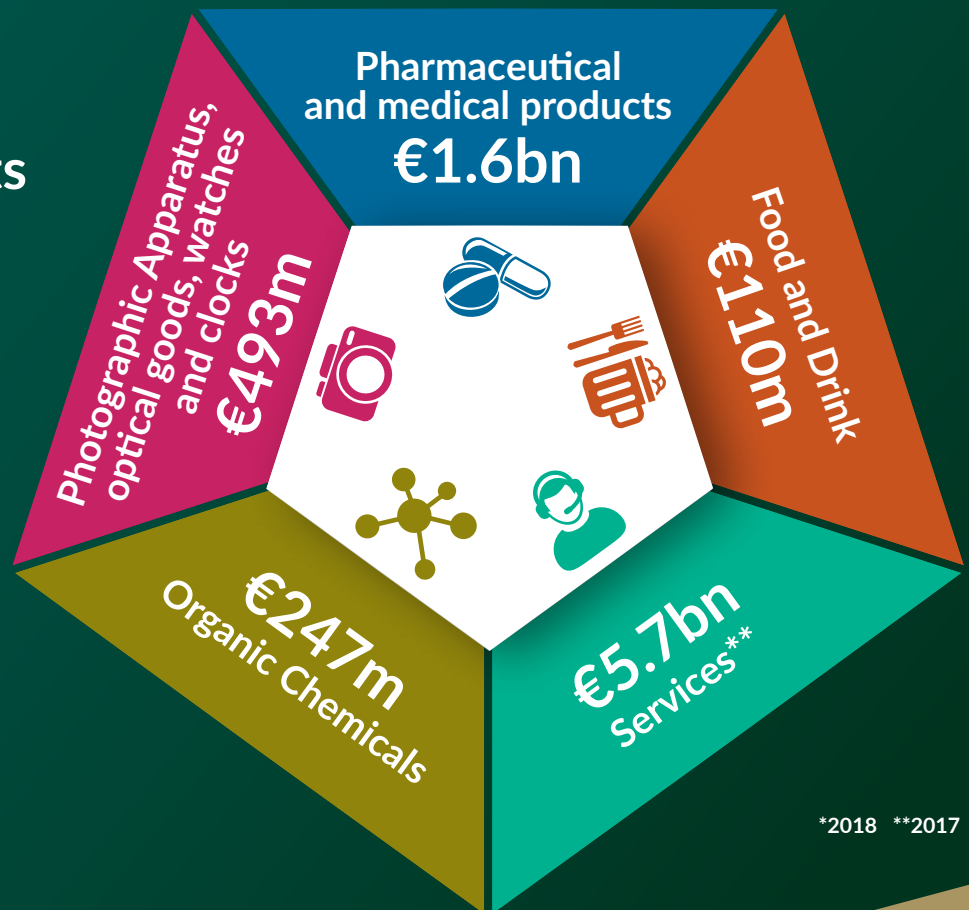
€3.3bn - The value of Irish goods exports to Japan

€1.45bn - The value of Irish imports from Japan

Over 50 Indigenous Irish companies have representation in Japan, with more than 150 regular exporters to the Japanese market



Top Irish exports to Japan*



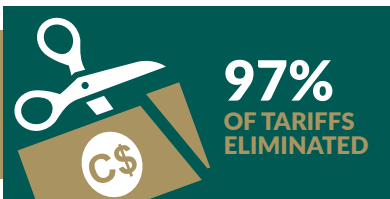
*2018 **2017

The Japan Market Opportunity

For many Irish companies the size and stability of the Japanese economy make it a compelling export market.

- The 3rd largest economy in the world
- 126 million wealthy consumers
- High levels of GDP and savings per capita
- Unemployment under 2.5%
- Japan is among world's largest and most technologically advanced producers of motor vehicles, electronic equipment, machine tools, ships, chemicals, textiles, and processed foods

Once fully implemented, EU exporters are expected to save around €1 billion in import duties per year.



For sensitive products both sides will use staging to soften the impact of tariff elimination

Cooperation between regulators in each jurisdiction means that some of the technical regulations and certifications that made it difficult to export to Japan in the past have been lessened or removed.



How Does the EPA Work in Practice?

The following are some examples of how the new Economic Partnership Agreement makes it easier for Irish companies to operate and gain access to Japanese opportunities.

Business Travel and the Delivery of Services

The agreement includes the most advanced provisions on movement of people for business purposes that the EU has negotiated so far.

They cover all traditional categories such as intra-corporate transferees, business visitors for investment purposes, contractual service suppliers, and independent professionals, as well as newer categories such as short-term business visitors and investors.

The agreement contains a framework to allow for the mutual recognition of qualifications. This means that in the future architects or engineers could use their Irish qualifications to work in Japan.

Medical Devices and Pharmaceuticals

Japan has adopted the international standard on quality management systems (QMS) on which the EU QMS system for medical devices is based. This considerably reduces the costs of certification of European products exported to Japan.

The EU and Japan have agreed to broaden the range of medicines for which they will recognize each other's inspection of manufacturing sites. The Mutual Recognition Agreement allows regulators to waive batch testing on Irish medicines entering Japan.

Food and Drink

Over time around 85% of agri-food products (in tariff lines) will be allowed to enter Japan entirely duty-free.

Agriculture and food exports to Japan such as pork and beef will see a dramatic reduction in tariffs. Beef duties will be reduced from 38.5% to 9% after 15 years. The quota for beef is also increasing from 43,500 to 50,500 tonnes per annum.

Cheese tariffs have been renegotiated, for example the duty on cheddar (currently 29.8%) will be scrapped.

Irish Whiskey will receive a special status as a Geographical Indication (GI) good.

The agreement will not lower food safety standards or require parties to change their domestic policy choices on matters such as the use of hormones or genetically modified organisms (GMOs).

Public Procurement

Japan has agreed to further open its government procurement market, allowing Irish companies to bid on an equal footing for contracts with more government agencies and 54 large Japanese cities. Japan has also agreed to reducing barriers, which were perceived as hampering competition on a level playing field with Japanese companies.

Technical Barriers to Trade

The agreement emphasises the mutual commitment from Japan and the EU to ensure their standards and technical regulations are based on international standards to the greatest possible extent.

This is good news for Irish exporters of electronics, pharmaceuticals, textiles and chemicals. For instance, reliance on international standards will make it easier and less costly for food products to comply with Japanese labelling rules.

How to Maximise the Benefits

REX Number

The first step in availing of the reduced tariffs is to register in the Registered Exporter System (REX) and get a REX number. To do this you must fill out a REX application form and send it to the customs section of Revenue.

Once a company is registered in this system they may now make a statement on origin using their REX number.

Statement of Origin

To make sure that a product classifies as European, the Rules of Origin should be consulted. Annex 3A and 3B of the agreement (see links at the end of this document) detail how an exporter can assess if a product can be declared as European based on its components or the level of processing that it has received in Europe.

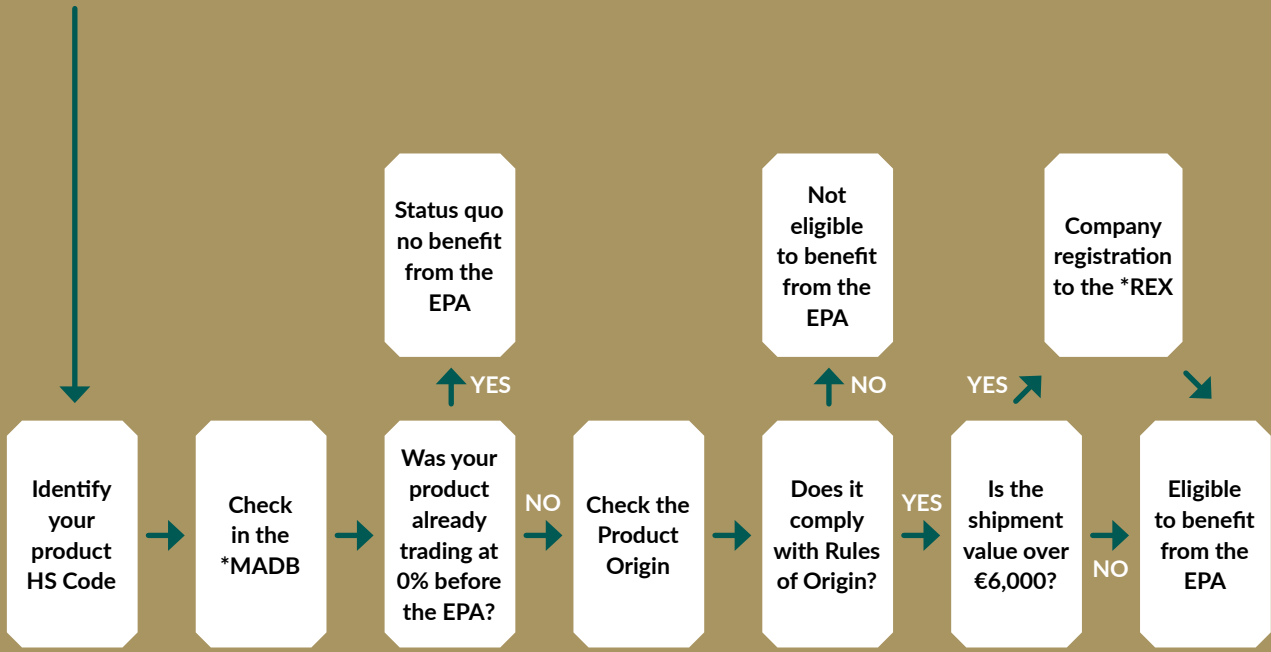
Harmonised Commodity Description and Coding System

The World Customs Organisation developed and maintains a coding system for products. This is the standard used in international trade. Harmonised System (HS) codes are used worldwide to classify goods. Information on tariff codes is available from the EU's TARIC Consultation page. Exporters will need to state their product's HS code in order to avail of the new tariffs.

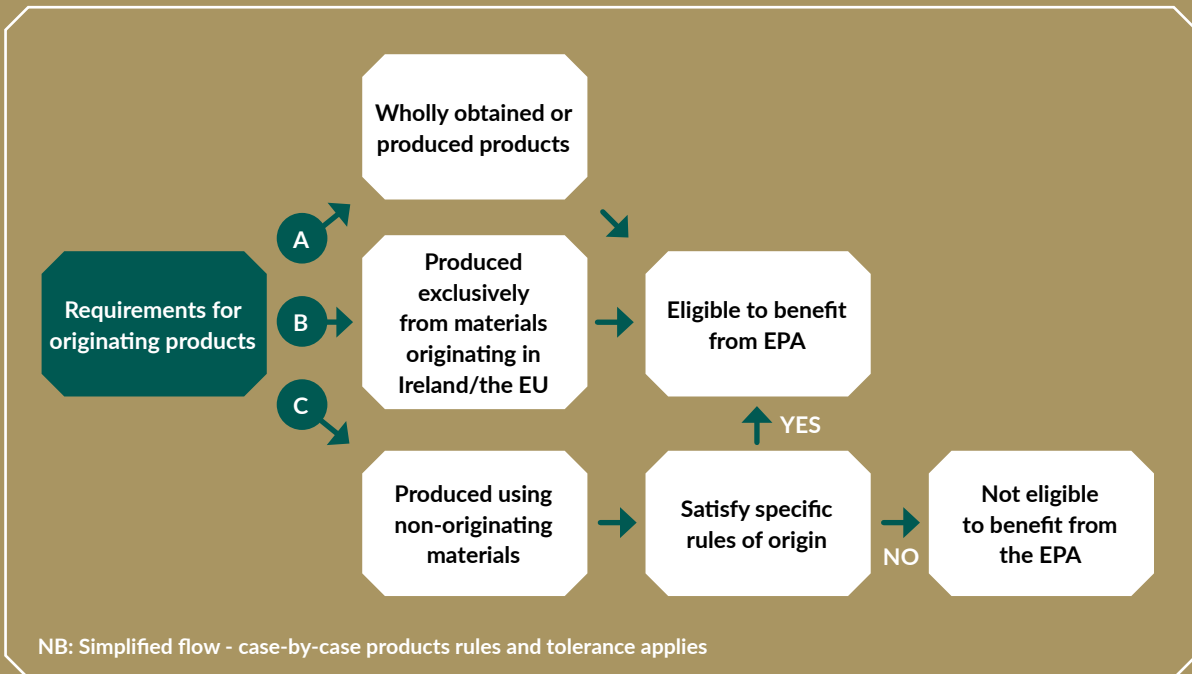
Japanese Importer Considerations

Note that the Japanese importer will have to make a "claim for preferential tariff" to its local customs. A guideline in Japanese on the EPA provided by the Japanese authorities is available at the JETRO website.

Origin considerations and process flow



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Assess the origin of the product



NB: Simplified flow - case-by-case products rules and tolerance applies

*MADB - Market Access Database
*REX - Registered Exporter System

Rules Of Origin



Government Supports

The Department of Business, Enterprise and Innovation (DBEI) plays a key role in implementing the Government's policies of stimulating the productive capacity of the economy and creating an environment which supports job creation and maintenance.

The Department is assisted in implementing these tasks by a number of its Offices and Agencies. Working with one of the Agencies, Enterprise Ireland, DBEI's remit includes growing and deepening export opportunities.

Enterprise Ireland (EI) supports the development and growth of Irish exports in world markets, working in partnership with Irish entrepreneurs and enterprises to help them start, grow, innovate and win export sales in global markets. The Agency has a structured process for working with individual companies as they identify goods and services opportunities and begin to enter new markets.

Through its network of 34 overseas offices, EI provides client companies with key supports in target markets. EI's client companies can access market knowledge on a regional and industry-specific sectoral basis, gain introductions to buyers/suppliers/partners, secure in-market and market intelligence, and access Incubation and Hot-Desking Facilities.



Further Information and Useful Links

Department of Business, Enterprise and Innovation:

<https://dbei.gov.ie/en/What-We-Do/Trade-Investment/Trade-Policy/>

Enterprise Ireland – Japan:

<https://www.enterprise-ireland.com/en/Export-Assistance/International-Office-Network-Services-and-Contacts/Japan.html>

European Commission – EPA Information:

<https://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/>

REX application form:

<https://www.revenue.ie/en/customs-traders-and-agents/documents/application-for-rsx.pdf>

Customs section of Revenue:

<https://www.revenue.ie/en/contact-us/customs-ports-and-airports/customsdivision.aspx>

TARIC Consultation Page:

https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en&Expand=true&SimDate=20190816

Market Access Database:

<https://madb.europa.eu/madb/>

The EPA text, including Rules of Origin information in Annex 3A and 3B:

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1684>

JETRO Information:

<https://www.jetro.go.jp/world/europe/eu/epa.html>

Asia Matters:

<http://www.asiamatters.eu/>

Ireland Japan Association:

<https://ija.ie/>

The EU-Japan helpdesk:

<https://www.eu-japan.eu/epa-helpdesk>

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