Trade Facilitation Measures on Rules of Origin in Japan Customs

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Three Missions of Japan Customs

1. Realizing a Safe and Secure Society

2. Collecting Duties/Taxes Appropriately and Fairly

3. Facilitating Trade Procedures
Case 1 (Leather Footwear)

It did NOT satisfy the Rules of Origin for Preferential tariff

⇒ It did NOT satisfy the Rules of Origin for Preferential tariff

Third Country

Parts of Footwear (HS 6406)

Production

Exporting Country (LDC)

Leather Footwear (HS 6403.91)
Case 2 (Cocoa Powder)

Cocoa beans (HS18.01) ⇒ Production ⇒ Cocoa powder (HS1805.00) ⇒ Exporting Country (EPA) ⇒ Third Country

⇒ It did NOT satisfy the Rules of Origin for Preferential tariff
Ⅰ. Non-preferential Rules of Origin

For the application of the WTO tariff rate, trade statistics and the application of Anti Dumping measures, etc.

Ⅱ. Preferential Rules of Origin

For application of the preferential tariff
- FTA/EPA (Economic Partnership Agreement)
- GSP (Generalized System of Preferences)
I. Non-Preferential Rules of Origin

Import

• Certificates of Origin are not required, in principle.

Export

• When requested, Certificates of Origin will be issued by the JCCI*
  *The Japan Chamber of Commerce and Industry
Ⅱ. Preferential Tariff Schemes in Japan

1971: GSP scheme
2002: J/Singapore EPA (Revised in Sept.2007)
2005: J/Mexico EPA (Revised in April.2012)
2006: J/Malaysia EPA
2007: DFQF for LDCs, J/Chile EPA, J/Thailand EPA
2008: J/Indonesia EPA, J/Brunei EPA,
       J/ASEAN EPA, J/Philippines EPA
2009: J/Switzerland EPA, J/Vietnam EPA
2011: J/India CEPA
2012: J/Peru EPA
2015: J/Australia EPA
2016: J/Mongolia EPA
Ⅱ -1. GSP

GSP for Developing Countries (1971-)

Beneficiaries: 133 countries and 5 territories

Tariff reductions, including duty-free treatment to:
- 413 tariff lines of Agricultural and Fishery Products
- 3,200 tariff lines of Industrial Products

Special Tariff Treatment for LDCs (2007–)

Beneficiaries: 47 countries

98% of tariff lines are subject to Duty Free Quota Free to all LDCs
Ⅱ -2. Flow of C/O

- Certificate of Origin (C/O) issued by a competent governmental authority or its authorized body

Flow of C/O:

1. Request
2. Issuing
3. Sending the C/O
4. Submission of C/O

- Import declaration
- Claiming for Preferential tariff

- Customs
- Examination and Verification
Ⅱ-3. Trade Facilitation Measures of Japan

On Procedure

A. Examination before/after Import Clearance
B. Electric Submission of C/O
C. Exemptions of Submission
D. Flexible treatment on C/Os
E. Introduction of Self-Certification System

On Origin Criteria

F. Donor Country Content (from Japan)
G. Simplification of origin criteria
A. Examination before/after Import Clearance

**Import Flow**

**Pre-clearance**
- Advance Ruling
- ROO Section

**Import clearance**
- ROO Section
- Clearance Section
- Import Declaration
- Permission

**Post-clearance**
- Verification to Importer
- ROO Section
- PCA Section
- Request for Information / Visit
- Response

**Exporter/Customs Broker**

**Exporting Country**
- Exporter/Producer
- Issuing Authority

**Inquiry Response**

**Clearance**

**Certificate of Origin**
Importers and other related parties may submit an inquiry on the origin status of the good in advance, and receive the ruling.

Issued rulings in writing are valid for three years.

⇒ It expedites the Customs clearance procedure
A-2. Number of Advance Ruling on ROO

Number of all inquiries (2011 – 2017) (including oral and e-mail inquiries)

Number of Advance Rulings in Writing (2011 – 2017)
-Written requests for information from importers are sought when doubts on origin are found (by ROO section).

-Physical audits are conducted when necessary (by PCA section).

*When further information is necessary, go to next steps (e.g., written requests to issuing authority in the exporting country.)
Electric Submissions of C/O (e.g. PDF) are acceptable as original (From Oct. 2017)

- Traders are not required to submit C/O to Customs physically.
- Less burden and less lead time
C. Exemption of Submission of a C/O

◆ Consignments where the Customs value does not exceed ¥200,000 (Approx. US$2,000)

◆ Consignments which AEO importer involved

◆ Designated consignments
Minor Errors on C/O could be acceptable in Japan. (From 2013-)

- Omissions or discrepancies in importer’s name, address, description of goods, marks and numbers, invoice No., and quantity between the C/O and the invoice.
- Difference of Origin Criterion
- Other obvious typing errors

* Provided that the Identity of the goods could be confirmed by the trade-related documents.
** Provided that the importer proves the product is originating.
D-2. Flexible treatments on Minor Errors

List of Minor Errors

Obvious Typing errors = Valid

Errors regarding Authenticity (e.g. discrepancy of impression of stamps, Omission of the signature) = Not Valid

Omissions or discrepancies regarding Identity = Valid (with condition)

Omissions or discrepancies regarding originating status = Valid (with condition)
E-1. Self-Certification System

Japan-Australia EPA (2015-)
◆ Self-Certification by importer, exporter or producer*
  *C/O issued by competent authority is also acceptable

**OCD : Origin Certification Document**
E-2. Self-Certification System: Benefits

Merits for Importing side
[Traders] Reduction of cost and burden for acquiring C/O since traders can make OCD by themselves provided that they have sufficient info.on the originating status of the goods.

[Customs] Higher assurance for accurate declarations by importers.

Merits for Exporting side
[Traders and governments] Less verification from importing Customs.
Under the Japan-Australia EPA, more than 70% of the claim for preferential tariff treatment is based on “Self-Certification”.

Among declarations using Self-Certification, most of them are made by Importers.
Use of Materials Imported from Japan

(From 1970s-)

Materials imported from Japan into a preference-receiving country are regarded as originating (excluding certain specified products).

*This rule may not require the materials imported from Japan are originating goods of Japan.
## Articles of Apparel

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<td>Produced from Yarns</td>
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<td>2015</td>
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- **Spinning**
- **Produced from Fiber**
- **Produced from Yarns**
- **Produced from Fabric**
- **Cutting/Sewing**
- **Weaving/Knitting**
De Minimis for Textile Goods

(From 2011)

- The *De Minimis* rule has been introduced for products classified in HS Chapters 50 to 63.
- If the weight of non-originating materials does not exceed 10% of the total weight of the product, those materials are disregarded when the product is examined whether it satisfies the requirements of the origin criterion.
Thank you for your attention!

Any Questions?