

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Japan-UK Free Trade Agreement Enters into Force

**Country:** Japan

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**Report Category:** Country/Regional FTA's, Trade Policy Monitoring

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**Report Highlights:**

On January 1, the Japan-UK Comprehensive Economic Partnership Agreement (CEPA) entered into force, enabling the United Kingdom to maintain most of the market access terms for agriculture that had been negotiated under the Japan-EU Economic Partnership Agreement (EPA). However, the United Kingdom lost access to 15 out of 25 preferential tariff-rate quotas (TRQs). For the 10 TRQs for which the United Kingdom retained access, a new mechanism was established whereby preferential tariffs rates will only be applied to the volume remaining after EU-27 imports have been subtracted.

## General Overview

The Japan-UK Comprehensive Economic Partnership Agreement (CEPA) entered into force on January 1, 2021, largely replicating the market access terms provided under the Japan-EU Economic Partnership Agreement which entered into force on February 1, 2019. Absent a new trade agreement, the United Kingdom was set to lose preferential access following its departure from the European Union on December 31, 2020.

## Tariff Treatment

Under the Japan-UK CEPA, tariff commitments for agricultural products traded between Japan and the United Kingdom are largely identical to what was provided under the Japan-EU EPA. Treatment differs for a few select products which see faster tariff eliminations such as certain leathers and hides and industrial ethanol. For an overview of the tariff concessions provided under the Japan-EU EPA, please refer to [JA9032](#). For most agricultural products, Japan's tariff concessions are similar to those provided under the Comprehensive and Progressive Agreement for Transpacific Partnership and the U.S.-Japan Trade Agreement.

## Tariff Rate Quotas

Japan will continue providing the UK access to the same preferential tariff rates specified in the Japan-EU EPA for the following 10 tariff rate quotas (TRQs): wheat products (TRQ 1), mixes and doughs and cake mixes (TRQ 2), food preparations made primarily of wheat (TRQ 3), food preparations of barley (TRQ 8), coffee, tea mixes, food preparations and doughs (TRQ 11), food preparations (TRQ 12), food preparations containing more than 50% of sucrose, and cocoa powder (TRQ 15), food preparations containing cocoa (TRQ 19), food preparations containing cocoa (for the preparation of chocolate) (TRQ 20), and cheeses (TRQ 25). The volumes for these TRQs are identical to the volumes under the Japan-EU EPA. However, in-quota rates will only be applied to the volume of products equal to the underutilized volume of the previous year's EU-27 quotas.

Under this new scheme (referred to as the "Before Permit (BP)" scheme), importers in Japan will initially pay no tariffs on imports of products eligible for the 10 TRQs under the condition that the importer provides an acceptable guarantee to the Japanese customs authority. At the end of each Japanese fiscal year, Japan Customs will charge the in-quota tariff (in most cases zero percent) on the leftover volume of the EU27 TRQs while the excess volume will be charged the out-of-quota rate. Further details are available from [MAFF \(Japan\)](#) and [the Department for International Trade \(UK\)](#).

Meanwhile, the United Kingdom lost access to 15 Japan-EU EPA TRQs: wheat flour, pellets, rolled and food preparations (TRQ-4), wheat (TRQ-5), udon (TRQ6), barley flour, groats and pellets (TRQ-7), barley (TRQ-9), malt (TRQ-10), glucose and fructose (TRQ-13), dairy food preparations (TRQ-14), sugar (TRQ-16), starch (TRQ-17), prepared edible fats and oils (TRQ-18), evaporated milk (TRQ-21), whey (TRQ-22), butter, skimmed milk powder, milk powder, butter milk powder and condensed milk (TRQ-23), and milk powder for chocolate (TRQ-24).

## **Safeguards**

The United Kingdom will remain subject to the same safeguard volumes established under the Japan-EU EPA. Specifically, these include safeguards for beef, pork, processed pork, whey, oranges, and racehorses. The applicable safeguard volumes will be calculated as an aggregate of imports from the United Kingdom and the EU-27. The Japan-EU EPA safeguard volumes remain unchanged.

## **Attachments:**

No Attachments.