



Rules of Origin in the UK-Japan CEPA

Continuity from EPA

The UK-Japan CEPA protects established supply chains by ensuring that UK businesses are able to continue using EU inputs in their exports to Japan and still access preferential tariff rates. This particularly benefits UK exporters of agriculture and food products, who rely on inputs from the EU.

How CEPA goes further than EPA

We have agreed new and more liberal rules for certain food and textile products, which remove restrictions contained in the EU-Japan agreement. These changes will allow up to £88.2m more of UK exports to receive preferential tariffs in Japan and so could increase the volume of trade in areas such as textile products, sugar confectionary and biscuits.

►► Food producers

- Restrictions have been removed for manufacturers of baked goods, breakfast cereals and sugar confectionery, giving producers far greater sourcing flexibility.
- For example, some food producers, including bakers and biscuit makers will have more freedom in where they source their ingredients.
- They will be able to source ingredients such as flours, starches and sugar from anywhere in the world as opposed to just the EU and still be able to access competitive tariffs into Japan.

►► Textiles

- We have introduced more flexible rules for textile products, which will allow clothing producers to undergo a single process in the UK.
- For example, under tariff preference, a clothing producer could sew together imported fabrics into a coat, and then export the final product to Japan under tariff preference, as long as 50% of the inputs are sourced domestically. (Under the EU-Japan EPA,

clothing producers are required to undertake two or three processes in the UK, even if they sourced most of their inputs domestically).

- This change may allow high-value producers of goods including knitwear, suits, gloves and coats to increase their exports to Japan.
- The UK Fashion and Textiles Association fully support the additional rules that we have negotiated, and recognise the impact that this will have on supporting jobs and potentially increasing exports to Japan.

►► Automobiles

- The UK-Japan CEPA also includes a provision that seeks to recognise Japanese inputs that are contained in UK goods that are exported to the EU.
- This arrangement would also need to be agreed between the UK and the EU in order for it to come in to effect.

►► Cutting red tape

- The UK and Japan have agreed to measures that make the UK-Japan CEPA easy and predictable to use.
- For example, the UK-Japan CEPA allows self-certification of origin, which means that UK and Japanese exporters do not need a certificate from their customs authority.
- Importers have the option of making the claim for preference, under the provision of 'importer's knowledge', which provides an additional option for companies.
- We will be publishing joint guidance with Japan on the 'importer's knowledge' article, which will give greater clarity and predictability for companies on this provision.