

## EU-JAPAN ECONOMIC PARTNERSHIP AGREEMENT: CAOBISCO CONCERNED ABOUT ORIGIN RULES

CAOBISCO represents the Chocolate, Biscuits and Confectionery Industries in Europe amongst which membership, a large number of SMEs. Out of an annual production of **12 million tonnes, around 2 million tonnes of our produce is exported outside the European Union (17%)**. CAOBISCO industries employ more than 320 000 people across Europe and create high value-added for the European economy. The survival of our manufacturing industries heavily depends on our future **export competitiveness**.

CAOBISCO is highly concerned about the Free Trade Agreement concluded with Japan and presented last Friday by the European Commission, despite the announced gains in market access.

- ✦ Japan represents important market access opportunities for our sector as well as the EU's economy.
- ✦ However, the agreed **specific preferential rules of origin for confectionery, chocolate and fine bakery wares** based on weight criteria of ingredients instead of the conventional value criteria, would represent a **trade barrier to exports from the EU**, not only for Small- and Medium-sized Enterprises.
- ✦ With the end of sugar production quotas, CAOBISCO welcomes the increase of EU sugar production and has always indicated its preference to source sugar in the European Union. However, the sugar sold to CAOBISCO manufacturers is in a significant number of cases **not accompanied by a supplier declaration and thus our exporters are unable to prove the volume of non-originating sugar to meet the origin rules**.
- ✦ Furthermore, changing the origin rules would have significant administrative costs for SMEs.

**Manufacturers would be unable to prove the weight of non-originating sugar in their final product and thus not benefit from important tariff concessions made.**

- ✦ CAOBISCO has in recent years warned the European Commission at numerous occasions of the consequences of negotiating weight-based origin rules for its products, but without any success. Once again, we have to note that the interests of EU agricultural production have been prioritised over the benefits of the high-value added food industry.
- ✦ Without a change to the current situation, CAOBISCO questions if a “no deal” would not be more beneficial for the sector than a bad deal.

For more information on the issue of Preferential Origin Rules, see the annex or contact:

Muriel Korter - Economic Affairs Director  
Tel: +32 (0)2 508 1021  
[muriel.korter@caobisco.eu](mailto:muriel.korter@caobisco.eu)

## Simple value-based sugar origin rules for the export competitiveness of CAOBISCO industries

CAOBISCO represents the Chocolate, Biscuits and Confectionery Industries in Europe amongst which membership, a large number of SMEs. Out of an annual production of **11 million tonnes, around 2 million tonnes of our produce is exported outside the European Union**. CAOBISCO industries employ more than 300 000 people across Europe and create high value-added for the European economy. The survival of our manufacturing industries heavily depends on our future **export competitiveness**.

- ✦ Free Trade Agreements signed by the EU play a vital role in securing new opportunities for the industry to access overseas markets. Rules of origin are a key part of these agreements. The rules need to be respected in order to benefit from tariff concessions agreed. **Rules negotiated in FTAs should therefore remain clear, simple and harmonised, and must not act as a barrier to EU exports.**
- ✦ Sugar is the main ingredient in CAOBISCO products. Current rules of origin in FTAs set a value limit on non-EU sugar in our products of 30%. The rule is respected by all manufacturers, is internationally recognised and should be maintained in all future EU FTAs.
- ✦ In recent trade agreements e.g. Singapore and Vietnam, the EU has switched to weight based rules of origin. The intention is to limit non-originating material, sugar in this case, based on a weight percentage of the final product. **This represents a huge obstacle for our exports, threatens growth and jobs in our industry and undermines the creation of value-added in the European Union.**
- ✦ Weight-based rules of origin will lead to drastic barriers to our exports. This situation not only lead to more administrative burden to operators having to comply with different rules in FTAs but also restricts the use of non-EU sugar which is and will continue to be sourced by sugar suppliers in the future in order to respond to the needs on the market.



Sugar represents >40% in volume of a confectionery product

80% of CAOBISCO products (HS 1704, 1806) contain more than 40% weight in sugar and will not benefit from future FTA tariff concessions.  
A decrease in exports will lead to a lack of competitiveness and job losses in Europe.



Sugar represents 10-30% of the value of confectionery product

100% of CAOBISCO products currently benefit from FTA agreements and given tariff concessions.  
EC to help export competitiveness of high-added value products. Our sector is the top food sector in creating and maintaining jobs in the EU.

- ✦ CAOBISCO mainly uses raw materials sourced in Europe and wishes to do so in the future. However, agricultural commodities are traded globally and sugar suppliers are not able to prove the origin of the sugar without a supplier declaration. **Both suppliers and CAOBISCO manufacturers must be allowed to apply accounting segregation.** To do so, EU customs administrations must put in place the correct procedures for processing applications for all preferential export markets.