

CAOBISCO Press Release – 20 February 2019

CAOBISCO reiterates its concerns that market access gains in the EU-Japan EPA may be jeopardised by unworkable Rules of Origin

The EU-Japan Economic Partnership Agreement (EPA) offers some important, albeit long-term tariff concessions for exports of EU chocolate, biscuits and confectionery products. However, EU manufacturers are unlikely to qualify for any preferential treatment given the impossibility for them to fulfil the weight-based rules of origin requirements.

CAOBISCO, representing the European Chocolate, Biscuits and Confectionery industries, welcomes the entry into force on 1 February 2019 of the EU Japan EPA and commends the efforts of EU negotiators to secure increased market access in Japan for our sector. While the EPA did not result in immediate tariff elimination, the partial or full phasing out of Japan's high import duties on our products generally over 10 years, is a significant result especially in a long term perspective.

However, CAOBISCO is deeply concerned that the weight-based rules of origin proposed by the EU and ultimately agreed in the EPA will prevent EU exporters of confectionery, chocolate and fine bakery wares, to reap the benefit from any tariff concession. As highlighted in several occasions to the European Commission, the shift from value-based (as is the case for the overwhelming majority of FTAs currently in force) to weight based rules of origin in most cases represents an insurmountable obstacle in order to qualify for preferential treatment: EU manufacturers, while sourcing the vast majority of sugar from the EU, are unable to prove the weight of non-originating sugar in the final product as sugar suppliers are often unwilling to provide a supplier declaration certifying EU origin.

Therefore, CAOBISCO calls the European Commission to rethink its approach in all FTAs currently being negotiated and, if a return to value limit criteria is not possible, at least provide that suppliers are required to certificate the EU-origin in their production facilities where European production is the regular input factor.

"The competitiveness of our sector relies heavily on exports to third countries, which account for almost 20% of domestic production. Therefore we strongly support the EU's ambitious bilateral trade agenda aimed at creating new opportunities for growth in our sector in strategic export destinations such as Japan. However, it is of crucial importance that hard-fought market access concessions are not undermined by unduly burdensome rules of origin. CAOBISCO remains committed to partnering with the European Commission and other actors in the supply chain to find workable solutions on this issue" said Mary Barnard, CAOBISCO President.

For further information on CAOBISCO's position on rules of origin, please [click here](#)

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