

1506: Graduation /Exclusion from the GSP scheme

Japan applies the system of “graduation” to a country or territory having achieved economic development at developed country level, and “product-by-exclusion” to a product with high level of global competitiveness. (The criteria of graduation is as indicated below.)

1. Entire Graduation

A country or territory shall be excluded from the list of beneficiaries of Japan’s GSP scheme, when the beneficiary has been classified as a high income economy in the “World Bank Statistics” for three consecutive years, or has been classified as an upper middle income economy and the value of the beneficiary’s exports exceeds 1% of the total value of world exports in the “World Bank Statistics” for three consecutive years.

In a case where the country or territory which had been once excluded from the list of beneficiaries:

- has not been classified as a high income country for three consecutive years; and
- has not been classified as an upper middle income economy and the value of the beneficiary’s exports exceeds 1% of the total value of world exports for three consecutive years,

the country or territory shall be designated to be a beneficiary again if the country or territory requests so.

2. Partial Graduation

A product originating from a beneficiary shall be excluded from the application of Japan’s GSP scheme for one year, when the conditions a) and b) below are satisfied.

When the conditions are still satisfied next year, the period shall be extended for one year.

a) Criterion for countries/territories

- The beneficiary is classified as a high income economy in the “World Bank Statistics” of the previous year.

OR

- The beneficiary is classified as an upper middle income economy in the “World Bank Statistics” of the previous year, AND, the value of the beneficiary’s exports exceeds 1% of the total value of world exports in the “WTO statistics” of two years ago.

b) Criterion for products

The value of Japan’s imports of the product originating from the beneficiary exceeds one billion yen and 25% of the total value of Japan’s imports of the product from all over the world in the trade statistics of two years ago.

3. Product-by-Exclusion

A product originating from a beneficiary shall be excluded from Japan's GSP scheme for three years, when the total value of Japan's import of a product originating from a beneficiary for the past three years exceeds both 4.5 billion yen and 50% of the total value of Japan's imports of the product from all over the world.

(Article 8-2-2 of the Temporary Tariff Measures Law, Article 25 of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law)