

Claiming preferential tariff rates under the RCEP Agreement requires the importer to both confirm whether a given good intended for import is treated as an originating good as stipulated in Chapter 3 (Rules of Origin) and determine an [RCEP Country of Origin](#).

## RCEP Country of Origin

- Claiming preferential tariff rates under the RCEP Agreement requires the importer to both identify the Party in which a good obtained its originating status as stipulated in Chapter 3 (Rules of Origin) and to separately identify an [RCEP Country of Origin](#) in accordance with the provisions of Article 2.6.
- If an importing Party has stipulated multiple tariff rates that differ by an exporting Party (tariff differentials) for a given good intended for import, the tariff rate applied is determined by an [RCEP Country of Origin](#).

### Example of a tariff differential

(An excerpt from the Tariff Schedule (January 2022 version) posted on the Japan Customs website.)

Statistical code		Description	Tariff rate		Tariff rate (EPA)		
H.S.code			General	WTO	ASEAN/Australia/New Zealand (RCEP)	China (RCEP)	Korea (RCEP)
64.03		Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather.					
		Other footwear with outer soles of leather :					
6403.99		Other					
		1 Footwear with outer soles of rubber or composition leather (excluding Slippers and other house footwear)	27%	(27%)			
		(2) Other	60% or 4,800 yen/pair, whichever is the greater				
		- Other					
		-- With an insole over 19cm		30% or 4,300 yen/pair, whichever is the greater			
	015	--- For men			20.3%	20.6%	

(Blank cells without any tariff rates indicate that no concessions have been granted therefor.)

- The RCEP Country of Origin is one of the minimum information requirements for Proof of Origin (i.e., Certificate of Origin, Declaration of Origin (DO) by Approved Exporters, DO by Exporters/Producers and DO by Importers) stipulated under the RCEP Agreement.  
If tariff differentials apply to a good intended for import, the tariff rate applied to that good is the tariff rate listed for the Party indicated as the RCEP Country of Origin on the Proof of Origin\*.

\*Importers may, however, select to claim either of the following tariff rates irrespective of the tariff rate listed for the Party indicated as the RCEP Country of Origin:

the highest tariff rate applicable to the same good from any of the Parties contributing originating materials used in the production of the good, (Article 2.6. 6(a)), or

the highest rate applicable to the same good from any of the Parties (Article 2.6.6 (b)).

- Although in many cases the Party where the good acquired its originating status will be identical to the RCEP Country of Origin, there are exceptions. A good treated as an originating good of Vietnam in accordance with Chapter 3 of the Agreement may, upon application of the relevant provisions of Article 2.6 of the Agreement, be determined to be a good whose RCEP Country of Origin is China. This determination, however, has no impact on the good's acquisition of originating status in Vietnam. (\*Refer to pages 4 and 5 for detailed examples.)

## Tariff differentials

The term tariff differential refers to instances where the tariff rates applied to an originating good under the RCEP Agreement differ by tariff classification and exporting Party. The footnote for Article 2.6.1 of the RCEP Agreement defines tariff differentials as “different tariff treatment that an importing Party applies for the same originating good.”

Japan has stipulated three groupings of tariff rates for imports into Japan:

1. ASEAN/Australia/New Zealand
2. China
3. Korea

Approximately 2,700 tariff lines (subdivisions) are subject to tariff differentials.

## Intent of the rules concerning tariff differentials

As the applicable tariff rate for the goods subject to tariff differentials differs by the Party where the final good acquires originating status, this creates opportunities for circumvention: the act of intentionally importing goods via a Party subject to lower tariff rates. The stipulations contained in Article 2.6 of the RCEP Agreement are intended to prevent such acts. When an originating good intended for import is subject to a tariff differential, the tariff rate stipulated for its RCEP Country of Origin will be applied (unless a claim is made using option (4) below). [The rules concerning tariff differentials rules are also used to determine the RCEP Country of Origin.](#)

## Determination of the RCEP Country of Origin

**The RCEP Country of Origin of an originating good is to be determined after confirming the originating status of the good as prescribed in Article 3.2 of the Agreement.**

**Rules used in the determination:**

**(1) Originating goods identified in the Appendix to Japan’s Schedule of Tariff Commitments (Article 2.6.3)**

The RCEP Country of Origin for originating goods identified in the Appendix shall be the exporting Party, provided that no less than 20% of the total value of the originating good has been added in the exporting Party.

◆ [Supporting evidence: Documents that enable confirmation of the value added during the production of the good in the Party where the good acquired its originating status in accordance with Chapter 3. Documents indicating the value of any non-originating materials and the FOB value of the good \(e.g., manufacturing cost statements, commercial invoices or payment records\) are required when said calculations are conducted using the Indirect/Build-Down Formula stipulated under Article 3.5.1 \(a\).](#)

**(2) Originating goods not identified in the Appendix (Article 2.6.2)**

The RCEP Country of Origin for originating goods not identified in the Appendix shall generally be the Party where the good acquired originating status (i.e., the exporting Party). Notwithstanding the above, however, the RCEP Country of Origin for originating goods produced exclusively from originating materials, as prescribed in Article 3.2 (b) of the Agreement, is the Party where the good acquired originating status, provided that production processes other than the minimal operations defined in Article 2.6.5 were undertaken in the Party where the good acquired originating status.

◆ [Supporting evidence: Documents that enable confirmation of any production processes occurring in the Party where the good acquired originating status \(e.g., production flowcharts, production instructions, etc.\)](#)

**(3) Originating goods whose RCEP Country of Origin cannot be determined through rules (1) or (2) (Article 2.6.4)**

If consideration under rule (1) ; fails due to an added value of less than 20%, or (2) the fact that only minimal operations were conducted in the exporting Party, respectively, then the RCEP Country of Origin shall be the party that contributed the highest value of originating materials used in the production of the good in the exporting Party.

◆ [Supporting evidence: Documents that enable confirmation of the Parties that contributed the originating materials used in production in the Party where the good acquired its originating status as well as the value of these materials \(e.g., Certificates of Origin for the materials, manufacturing cost statements, commercial invoices, payment records\)](#)

**(4) Selection by the importer (Article 2.6.6)**

Notwithstanding the above, importers may make a claim for preferential tariff treatment at one of the following tariff rates:

- (a) the highest tariff rate that the importing Party applies to the same originating good from any of the Parties contributing originating materials used in the production of the good
- (b) the highest tariff rate that the importing Party applies to the same originating good from any of the Parties

## ■ Key steps in confirming the RCEP Country of Origin in relation to goods intended for import into Japan

**Step 1:** Identify the 9-digit tariff line of the good intended for import.

⇒ Importers may obtain information regarding tariff classifications by utilizing the Advance Ruling system.

<https://www.customs.go.jp/english/advance/classification.htm>

**Step 2:** Confirm that a tariff rate for the good has been stipulated for the exporting Party.

⇒ This can be accomplished by utilizing the 9-digit tariff line identified in Step 1 in combination with the tariff schedule of Japan (available on the Japan Customs website).

<https://www.customs.go.jp/english/tariff/index.htm>

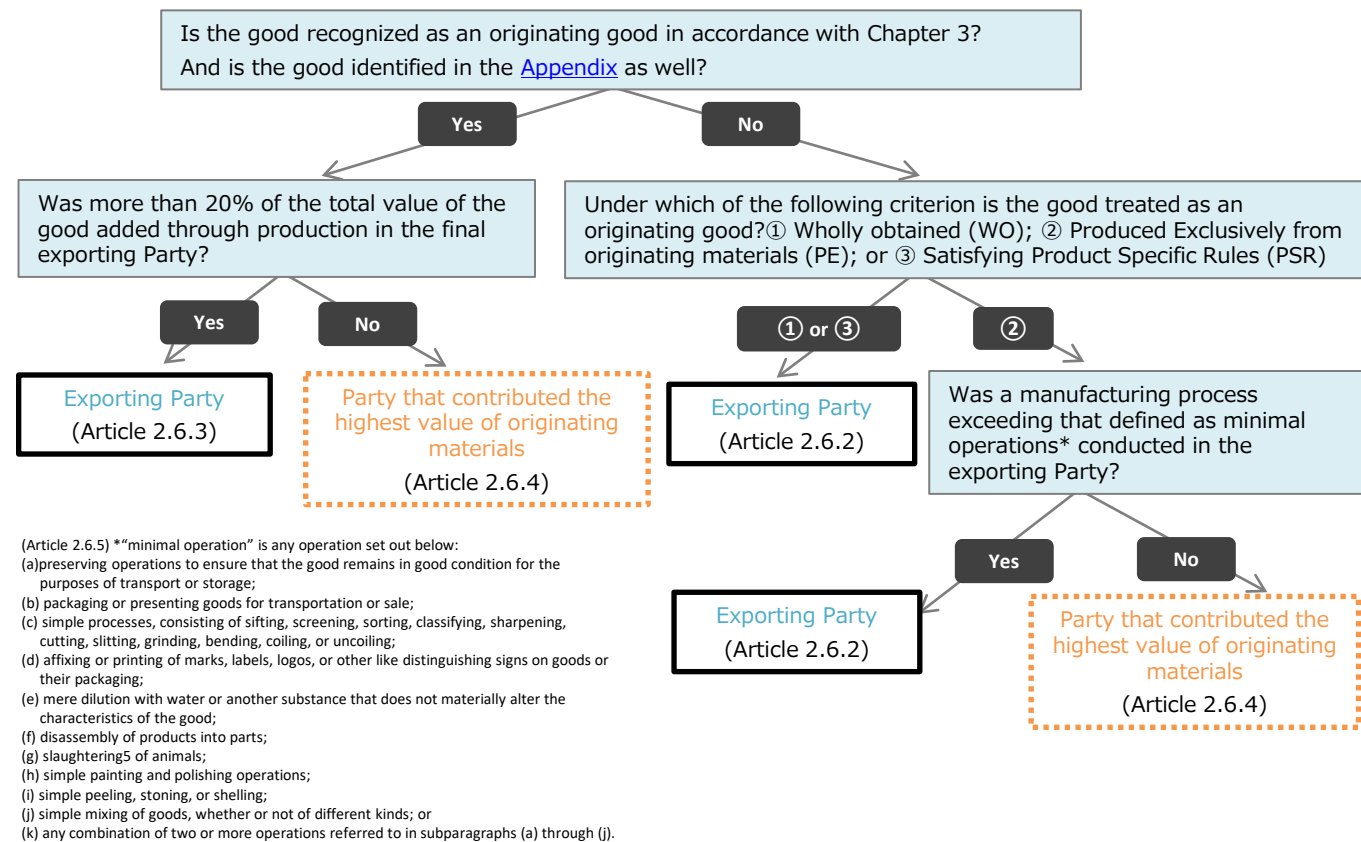
**Step 3:** Confirm that the good is an originating good in accordance with Chapter 3 of the RCEP Agreement.

⇒ Importers may obtain information regarding Country of Origin by utilizing the Advance Ruling system.

<https://www.customs.go.jp/english/advance/origin.htm>

**Step 4:** Use the Flow chart provided below to determine the RCEP Country of Origin.

## ■ Flow chart for determining the RCEP Country of Origin



The importer may select between either the highest tariff rate applicable to the same good from any of the Parties contributing originating materials used in the production of the good (Article 2.6.6(a)) or the highest rate applicable to the same good from any of the Parties (Article 2.6.6(b)).

● In many cases, the Party where the good acquired originating status is identical to the RCEP Country of Origin.

## ■ Indicating the RCEP Country of Origin on the Proof of Origin

- If utilizing the third-party certification system, Approved Exporter Self-Certification (Self-Declaration), or exporter/producer Self-Certification (Self-Declaration) system:
  - The RCEP Country of Origin will be indicated on the Proof of Origin issued by or prepared in the exporting Party.
- If utilizing the importer Self-Certification (Self-Declaration) system:
  - The importer is required to identify and list the RCEP Country of Origin on the Declaration of Origin. Importers unable to obtain the requisite information from the exporter are advised to consider the use of other certification systems.

\*Instructions for requesting an advance ruling on the RCEP Country of Origin may be found on the Japan Customs website.

[http://www.customs.go.jp/roo/information/rcep/exp\\_oshirase.html](http://www.customs.go.jp/roo/information/rcep/exp_oshirase.html)

# Example 1. Originating goods identified in the Appendix

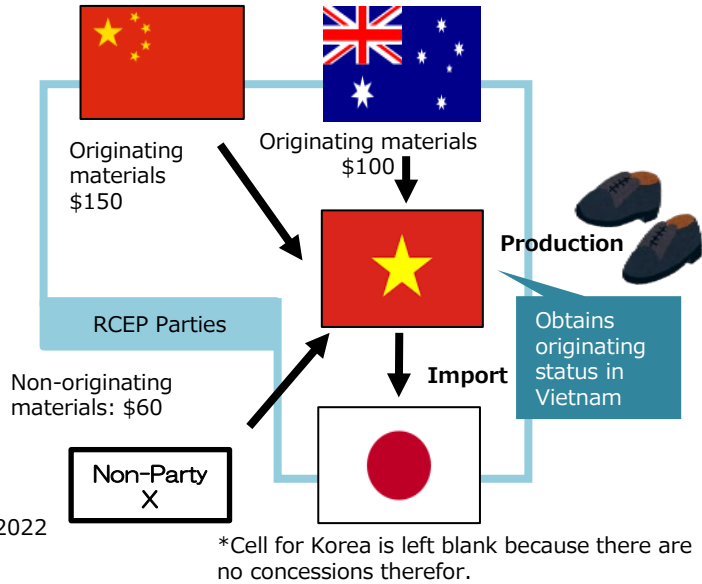
## In the case of importing casual shoes manufactured in Vietnam to Japan:

Description: Footwear for men (casual shoes)  
 HS code: 6403.99-015  
 Manufacturing process: Production of shoes in Vietnam using originating materials of China, originating materials of Australia and non-originating materials.

### Key factor to consider

- Whether a more than 20% of the total value of originating good was added through production in the exporting Party.

- Confirmation of the preferential tariff rates in the Tariff Schedule (January 2022 version)



Statistical code		Description	Tariff rate		Tariff rate (EPA)		
H.S.code			General	WTO	ASEAN/Australia/New Zealand (RCEP)	China (RCEP)	Korea (RCEP)
64.03		Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather.					
		Other footwear with outer soles of leather :					
6403.99		Other					
		1 Footwear with outer soles of rubber or composition leather (excluding Slippers and other house footwear)	27%				
		(2) Other	60% or 4,800 yen/pair, whichever is the greater				
		- Other					
		-- With an insole over 19cm		30% or 4,300 yen/pair, whichever is the greater			
	015	--- For men			20.3%	20.6%	

ASEAN/Australia/New Zealand: 20.3%  
 China: 20.6%  
 Korea: No concession

- Calculation of value added during production (conducted in accordance with the provisions of Article 3.5 with necessary modifications)

(Indirect/Build-Down Formula)

$$\text{Calculation of added value by the exporting Party} = \frac{\text{FOB value} - (150 + 100 + 60)}{\text{FOB value}} \times 100$$

NB) In the case of calculating added value to determine the RCEP Country of Origin, **notwithstanding the provisions of cumulation (Article 3.4), originating materials of other Parties are deemed as non-originating materials.**

- If the added value in Vietnam...

A: Equals or is greater than 20% of the value of the good

Vietnam is the RCEP Country of Origin  
 (The Party where the good obtained originating status.)

B: Is less than 20% of the value of the good

China is the RCEP Country of Origin  
 (The Party that contributed the highest value of originating materials used in the production of the good.)

- If Article 2.6.6 is selected...

a. Apply the highest tariff rate among the Parties that contributed the originating materials  
 ➔ China

b. The highest tariff rate among all Parties:  
 ➔ Korea

(Since no concessions have been made to Korea, the preferential tariff rates available under the RCEP agreement are not applicable.)

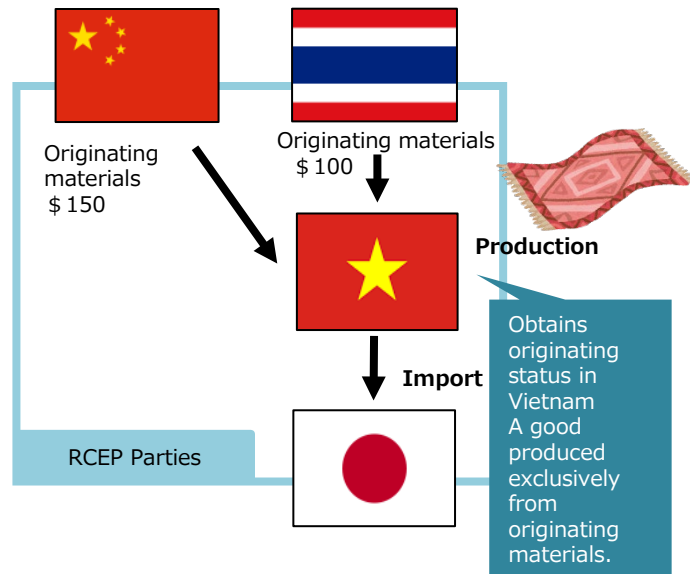
## Example 2: Originating goods not identified in the Appendix

### In the case of importing carpets manufactured in Vietnam to Japan:

Description: Carpets  
(Of wool or fine animal hair)  
HS code: 5701.10-000  
Manufacturing process:  
Production of carpets in Vietnam utilizing  
originating materials of China and originating  
materials of Thailand

#### Key factors to consider

- Whether the good is subject to tariff differentials
- **If good is produced exclusively from originating materials**, whether the operations conducted in the exporting Party exceed the scope of the minimal operations defined in Article 2.6.5.



- Confirmation of the preferential tariff rates in the Tariff Schedule (January 2022 version)

Statistical code		Description	Tariff rate		Tariff rate (EPA)		
H.S.code			General	WTO	ASEAN/Australia/New Zealand (RCEP)	China (RCEP)	Korea (RCEP)
57.01		Carpets and other textile floor coverings, knotted, whether or not made up					
5701.10	000	Of wool or fine animal hair	9.6%	7.9%	Free	7.2%	Free

- Confirm whether any production processes undertaken in Vietnam are beyond the scope of minimal operations. (Refer to Article 2.6.5 for details.)

(Article 2.6.5) **\*\*“minimal operation”** is any operation set out below:

- preserving operations to ensure that the good remains in good condition for the purposes of transport or storage;
- packaging or presenting goods for transportation or sale;
- simple processes, consisting of sifting, screening, sorting, classifying, sharpening, cutting, slitting, grinding, bending, coiling, or uncoiling;
- affixing or printing of marks, labels, logos, or other like distinguishing signs on goods or their packaging;
- mere dilution with water or another substance that does not materially alter the characteristics of the good;
- disassembly of products into parts;
- slaughtering of animals;
- simple painting and polishing operations;
- simple peeling, stoning, or shelling;
- simple mixing of goods, whether or not of different kinds; or
- any combination of two or more operations referred to in subparagraphs (a) through (j).

- If the production process in Vietnam...

A: Exceeds minimal operations

Vietnam is the RCEP Country of Origin  
(The Party where the good obtained originating status.)

B: Does not exceed minimal operations

China is the RCEP Country of Origin  
(The Party that contributed the highest value of originating materials used in the production of the good.)

- If Article 2.6.6 is elected...

- Apply the highest tariff rate among the Parties that contributed the originating materials  
→ China
- Apply the highest tariff rate among all Parties  
→ China