ISSUE

145

June 2021

# **IETRO** Switzerland Newsletter

Japan External Trade Organization

# Inside this

Japan can be a 1 good neighbour of Switzerland

Focus on the new regulation for importing composite products

Swiss World 3 in Japan 2021 edition

Digital farming makes
Japanese agriculture sustainable



### Japan can be a good neighbour of Switzerland

Farwell message from Mr. Takashi Wada, Director General at JETRO Geneva

Three years have passed since I took my position at JETRO Geneva

During my assignment, I have met many manufacturers, service providers and organizations in Switzerland (and Liechtenstein). Many people told me Japan is a distinguished country to visit and the perfect satisfaction of Japans' service quality (omotenashi). From the Japanese side, many fans of the beautiful nature of Switzerland frequently visited mountain side and now miss the opportunity to visit there. Recently, Switzerland is becoming well known for its innovation activities to Japanese corporates thanks to its variety of start-ups, outstanding federal/cantonal educational institutions and QOL of Switzerland.

On several occasions, I have often mentioned about commonalities between the Swiss and the Japanese.

They/we are diligent, skillful, and sometimes conservative.

Diligent: "Punctual as Swiss conductors," that is a phrase from "Bohemian Rhapsody" the tribute to Freddy Mercury. After rapid expansion of network, SBB tends to have some delays but still provides reliable transportation services. While, Japan's Shinkansen recorded only 12 seconds (not minutes!)



Mr. Wada addressing the audience in Zurich in 2019

delay from schedule on average in

Skillful: I met some watchmakers in Switzerland and some from Japan. They are not educated in watchmaking in Japan but utilized their manufacturing experience and try to absorb knowhows in Switzerland. Now they compete with the Swiss ones.

Conservative: On both sides, customarily it is not recommended to aggressively insist his/her opinion, particularly denying counterpart views. Consensus is the basis of business management. At first glance, it is hard to get into the community, but once accepted as a community member, the inside is really warm and comfortable, mutually they help others. One thing that is pretty sad is the unilateral openness of

border. For now, Switzerland reopened its borders to Japan, including tourism, this July but Japan is yet to allow Swiss business people to enter.

Switzerland's business community is relatively easy for seek out the network. Everybody is friendly and frank. Not too much businesslike which I have experienced in NY several years ago. Compactness of its business community means cosiness and reachability.

Though Japan is a large country if compared to Switzerland, Japapeople are friendly and show cosines for new business entrant to Japan even during the Corona pandemic. Those are based on the latest stories from Swiss companies establishing new branches in Japan. I hope the day soon comes when every Swiss can visit Japan for business or leisure without any burdensome PCR test or self-quarantine. On that day, I believe Japan can be a good neighbor to Switzerland not only for the destination of tourism, but also as business/ cultural partners.

I would like to conclude my message on departure by expressing my sincere gratitude for providing support to JETRO Geneva activities.

Looking forward to seeing you again.

### 分析 ANALYSIS

#### Focus on the new regulation for importing composite products

On April 21, 2021, a new European regulation entered into force that has important consequences for imported foodstuff from Japan to the European Union (EU) and Switzerland. The EU has indeed increased the requirement for any items containing meat product. Hence, many ready to use products fall under this new regulation when they contain any trace of meat extract (there is no minimal percentage). This applies to socalled composite products which contain both vegetal and meat products. Because Switzerland and the EU have agreed to follow the same sanitary rules on many agricultural goods, including meat (Agreement on Agriculture; 01.06.2002), the same rules apply to Switzerland.

Based on the new regulation and the answers of the Swiss Federal Food Safety and Veterinary Office (FSVO), you will find in this article the relevant regulation, procedures and case scenarios for Japanese imported goods.

#### "Animal Health Law" package

On April 21, 2021, entered into force several regulations related to animal health. The EU often refers to it as "Animal Health Law", a large package covering several aspects all related to animal health and food safety. To be specific, the "Animal Health Law" is the Regulation (EU) 2016/429 and the regulation concerning composite products is Regulation (EU) No 2017/625.

EU regulation for composite products



Instant ramen may now fall under the new regulation (picture from Wikipedia)

Under Regulation (EU) No 2017/625, the framework legislation on official controls that has applied since 14 December 2019, rules for the entry into the Union of composite products were laid down in Articles 12 to 14 of Commission Delegated Regulation (EU) No 2019/625 and these are due to apply on 21 April 2021. Such rules are proportionate to the risk presented by composite products according to the EU.

#### A Swiss regulation too

Based on the above-mentioned Agreement on Agriculture which entered into force on 01.06.2002, Switzerland and the EU have granted each other preferential market access for agricultural products. Both sides must apply similar sanitary requirements. If not, it would be possible to circumvent the legislation of one side if the other has lighter rules. Switzerland has therefore domesticated the EU regulation on composite ordinance into a Swiss law. To be specific, the existing Ordinance of the Federal De-

partment of Internal Affairs on regulating import, transit and export trade in animals and animal products with third countries (RS916.443.106) has been updated accordingly.

#### Six month transition period

With a view to smoothing the transition, Article 35 of Commission Implementing Regulation (EU) No 2020/2235 introduces a period of six months for the imports of composite products during which the old certificate will be accepted to enter the Union. Where no certificate was required prior to April 21, 2021, then the new relevant certificate or private attestation must be provided. The effect of this transition is summarized here.

## Definition of a composite product

The <u>EU defines</u> composite products as foodstuffs containing both products of plant origin and processed products of animal origin.

(continued on page 3)

Issue 145 Page 3

### Focus on the new regulation for importing composite products

(continued from page 2)

#### Scope

In accordance with Articles 1(2) and 6(4) of Regulation (EC) No 853/2004, the composite products must be manufactured with processed products of animal origin produced in EU-approved establishments located either in EU Member States or in third countries authorized for the entry into the European Union of those processed products of animal origin. Japan is an approved third country

Japan is an approved third country for importing meat and composite products. The FSVO provides useful information on imports from third countries on this page.

# What products fall under the new regulation?

The EU regulation lists the products using the Harmonized Customs codes (HS) under articles 12 to 14 of the Commission Delegated Regulation (EU) 2019/625. We strongly recommend to check it regularly as it may be subject to change. The code is listed with its heading (four first numbers) meaning that all products with an HS code starting with this heading are

subject to the regulation.

The list is extensive, from the obvious such as sausage (1601) to the less intuitive like Ice Cream (2105). To close most loopholes, the code 2106 is on the list meaning that the law applies also to all non elsewhere specified food preparation.

The Swiss customs portal <u>Tares</u> helps you to quickly identify any product using either the HS code or the name of the product. The system is free to use and no login is required.

# What are the requirements for Japanese imported goods?

Japan is an authorized third country exporter of meat and meat-based products (legal bases <u>here</u> and here). Hence, it is possible to import any products containing meat by following a few rules.

If the composite products are not shelf-stable (meaning refrigerated or frozen) or shelf-stable and contains meat products except gelatine, collagen or highly refined products derived from meat an official certificate is required.

The model of the certificate is established in Chapter 50 of Annex

III of the Commission Regulation (EU) No 2020/2235.

The Certificate is established by the recognized Japanese entity (the list is available here for every third country including Japan). Importers need to make sure that products come with this certificate and must expect controls at the border. For shelf-stable composite products containing only gelatine, collagen or highly refined products derived from meat a private attestation will suffice. This attestation is fulfilled by the importer or its agent when applicable. The model is available in the Annex V of the already mentioned Commission Regulation (EU) No 2020/2235.

Controls at the border are not required when the composite product presents a lower risk as listed in the <u>Annex</u> to Commission Delegated Regulation (EU) 2021/630.

Source EU: This <u>page</u> summarizes the requirements and provides the legal base. A Q&A document is also available <u>here</u>.

Source CH: The FSVO provides relevant information on their <u>web</u>site.

### Swiss World in Japan 2021 edition

We are happy to introduce the new version of Swiss World in Japan. Our business guide for Swiss companies in Japan.

We have updated the business guide since its first publication in 2016.

It provides a directory of contacts

for Swiss companies in Japan including restaurants, public institutions and associations. The guide also provides useful information on Japanese industrial clusters and legal framework for interested investors. New to this edition, a chapter on Environment & Energy,

Tourism, and Manufacturing. It also contains some of the most recent success stories of Swiss companies establishing in Japan. More information can be found on our website.

You can directly download the guide here (PDF file).





Issue 145 Page 4

#### Digital farming makes Japanese agriculture sustainable



Last month, we introduced three farmers to benefit from the long start-ups which attended the JET-RO and the Greater Geneva Bern Area joint event on agricultural oriented drones. In Japan too, innovation and agriculture go well together.

The Japanese government is promoting digital farming to increase the self-sufficiency of the country from 40% to 45% by 2025. Japan deals with similar issues to Switzerland. Mountains represent two thirds of the total land surface, production costs and regulations are high, and successors are difficult to find for an aging population of farmers.

One of the projects supported by the Ministry of Agriculture, Forest and Fisheries is to use Big Data, IoT, and AI to help inexperienced

experience of their predecessors. Over their life, farmers accumulate decades of experience. IoT and AI can collect and analyse data from their farming practices and the surrounding environment, and this technology enables even inexperienced growers to implement such intangible techniques. The technique has proven useful for increasing watering efficiency and can improve productivity in areas with limited access to water.

More information on this technology on this page.

The bank Lombard Odier published an interesting note on digital farming in Japan.



Technology helps farmers to improve the efficiency of resource consumption

### Agenda



Stay tuned!

IETRO is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

The JETRO Switzerland Newsletter can also be viewed and/or downloaded online: http://www.jetro.go.jp/switzerland/newsletter



#### Japan External Trade Organization

IETRO Geneva 80, Rue de Lausanne 1202 Geneva Phone: 022 732 13 04

Fax: 022 732 07 72 E-mail: SWG@jetro.go.jp