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## HIGHLIGHTS OF THIS ISSUE 2

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# J E T R O B a n g k o k U p d a t e

## JETRO Bangkok celebrates 50th anniversary



PHOTO: (from left) JETRO Bangkok President Munenori Yamada / H.E. Mr. Korn Chatikavanij, Finance Minister / Mr. Vachara Phanchet, Trade Representative/ H.E. Dr. Wannarat Channukul, Minister of Energy / H.E. Mr. Chanchai Chairungruang, Minister of Industry / Prime Minister Abhisit Vejjajiva / JETRO Headquarters Chairman & CEO Yasuo Hayashi / H.E. Mr. Kyoji Komachi, Ambassador of Japan to Thailand / H.E. Mr. Kasit Piromya, Minister of Foreign Affairs/ H.E. Dr. Virachai Virameteekul, Minister to the Prime Minister's Office/ Mr. Yo JITSUKATA, Chairman, Japanese Chamber of Commerce in Bangkok

JETRO has hosted a luncheon seminar entitled "The Future of Thailand-Japan Ties" to mark its 50th anniversary in Thailand, at the Oriental Hotel recently. Participated in the event were leading governmental and business figures from Thailand and Japan.

JETRO Chairman & CEO Yasuo Hayashi said "JETRO's continual support in the past 50 years has been made possible thanks to the cooperation of the governments and related business units in Thailand and Japan. Moving forward, JETRO will focus on two things for the advancement of Thailand:

- The first is to enhance competitiveness of Thai industrial sector by exploiting the geographical advantage of Thailand as an export base and the biggest production base in Asean, as well as adding value to Thai industry following the "Creative Economy" idea initiated by Prime Minister Abhisit Vejjajiva.
- The second is to highlight the leading role of Thailand as the hub of Greater Mekong Sub region and Asean, where JETRO will help improve logistical infrastructure as well as promoting investment from Japan to Thailand, and trade in Cambodia, Laos, Myanmar and Vietnam."



### JETRO Special Seminar on "History of the Environment in the 20th Century and Activities for the Prevention of Environmental Deterioration in Japan"

JETRO, the Federation of Industries (FTI) and Japanese Chamber of Commerce (JCC) co-organized the special seminar on "History of the Environment in the 20th Century and Activities for the Prevention of Environmental Deterioration in Japan" on February 8. The seminar aimed at improving the business environment in Thailand by sharing the various issues such as pollution problems, countermeasures, and experiences in how to conform to the residents in the vicinity with the government of Thailand and concerned parties. The seminar topics included lecture on "History of the Environment in the 20th Century and Countermeasures in Japan" by Dr. Akihisa Mori, Graduate School

of Environmental Studies, Kyoto University and panel discussion on “The Notion of the legal observation focusing on better balance between economic growth and environmental preservation”.



**Logistics Qualification System Professionals (LQSP), Logistics Management Training Course and Customers Survey**

JETRO and Thai National Shippers’ Council (TNSC) co-organized the Logistics Qualification System Professionals (LQSP), logistics management training course, for the 2<sup>nd</sup> year from October 12 2009 to February 10, 2010.

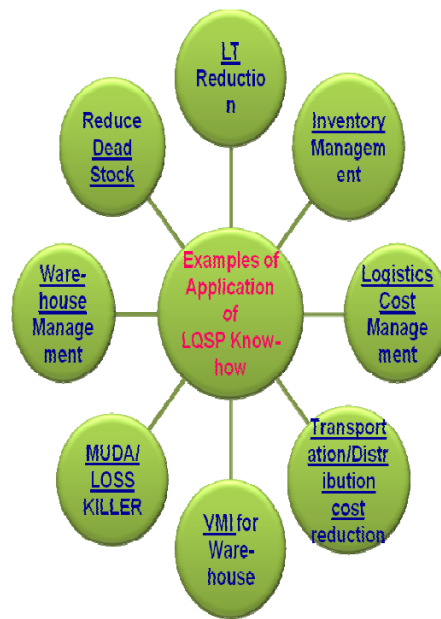
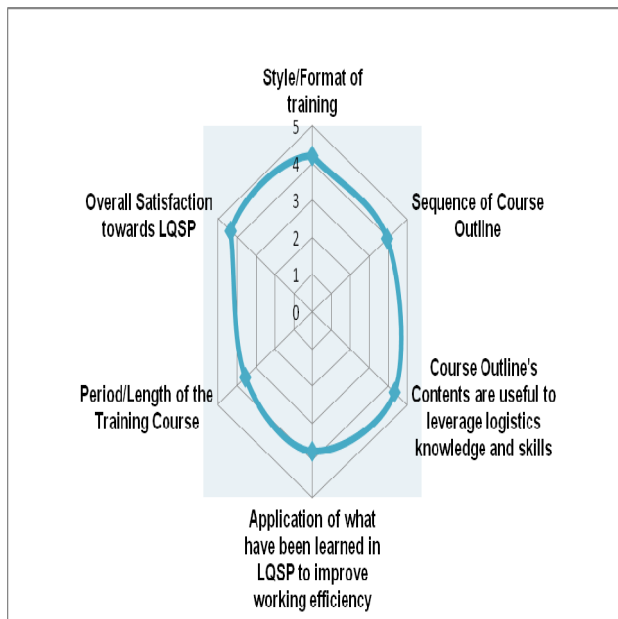
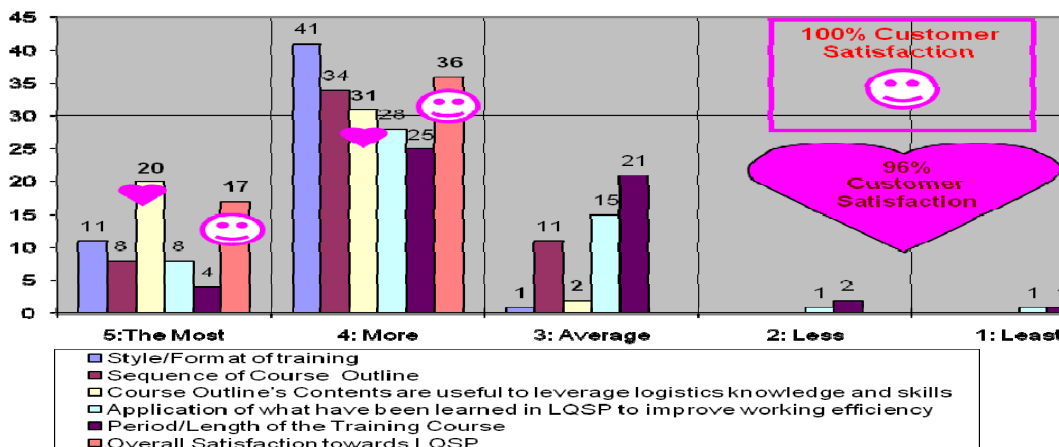
The course mainly focuses on the development of competitiveness in policy planning and optimization of logistics management by providing training and group activities to enhance capability in problem solving and logistics activities planning in a systematic way.

The course contents include Outline of Logistics (Definition of Logistics), Outline of International Logistics in the ASEAN, Logistics Network, Management of Material Handling Equipment, Storage Management, Packaging and Logistics, Transportation and Delivery Management, Outline of Information System, Laws and Regulation Related with Logistics, Inventory Management, Cost Management of Logistics, Improvement of Logistics Operations, Exercise of Designing Logistics Systems and Group Practice for the Operation Improvement of Logistics Center.

For the past 2 years, 101 participants joined the training course.

JETRO and TNSC have conducted the customer survey towards LQSP with the following result:

**Customer Satisfaction Evaluation**



**Pilot Project of Commercial Diagnosis (SHINDAN) Service to Retail Stores in 4 Regions and Customers Survey**

JETRO, the Thai Chamber of Commerce (TCC) and the Department of Business Development (DBD), Ministry of Commerce have jointly conducted the pilot project to provide commercial diagnosis (SHINDAN service) to 8 retail stores in 4 regions (Northern, North-Eastern, Central and Southern regions).

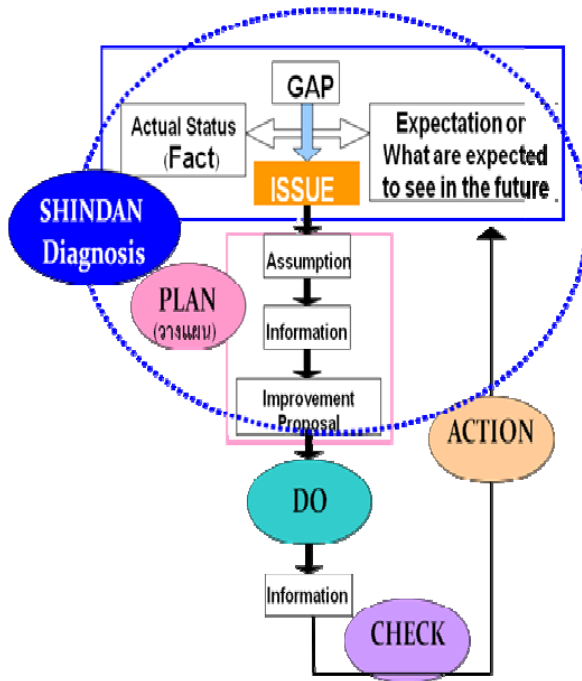
The pilot project has been divided into 2 periods:

- 1) SHINDAN (Diagnosis) and Improvement Proposal to store owners (5 days/region)
- 2) Follow-up of the results of improvement proposals (4 days/region)

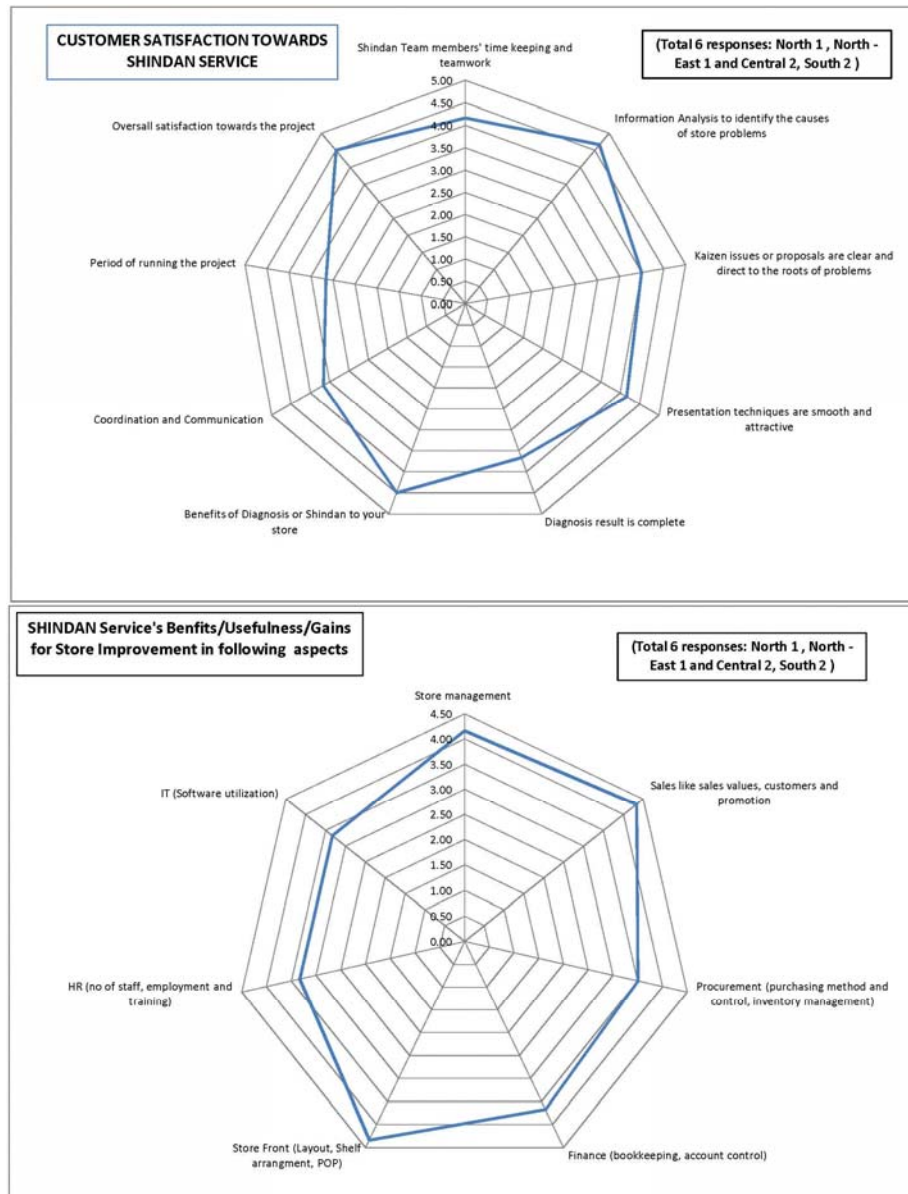
The goal of the retail SHINDAN is to have business health check of the following aspects:



The SHINDAN and Follow-up process is as follows:



The below is the feedback or responses from retail stores joining the pilot project:



JETRO, DBD and TCC joined hands in co-hosting a lot of training sessions on business health diagnosis for Thai commercial sector (retailing/wholesaling businesses) since 2006, in which Japanese specialists were invited to provide know-how. We have trained almost 150 personnel to be the future SHINDAN (Diagnosis) experts. Also in the Pilot project, apart from providing SHINDAN service to retailers, we also gave chances for both SHINDAN experts who will be future trainers and DBD and TCC staffs of local provinces to work together for retail business promotion and development in each province.

## J E T R O   A S E A N   U p d a t e

### **Scaled-up network in Cambodia**

JETRO opened an office in Phnom Penh this March 10th, bringing to nine the total number of JETRO offices in ASEAN countries.

Cambodia has been drawing increased attention among Japanese companies as a manufacturing base, with its rapidly improving transportation linkages to Thailand and Vietnam, including through the Southern Economic Corridor.

The office has been established at the request of the Cambodian government and Japanese firms already operating in the country.

# Recent Publications

## Magazines:

### 1. Japan Spotlight, January/February 2010



<b>Publisher's Note</b>	~ Strike Japan-US FTA for Services Trade <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3702">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3702</a>
<b>Topics</b>	*Japanese Corporate Earnings Bottom Out *Hiroshima, Nagasaki to Bid for 2020 Olympics *Japan to Lead APEC in Shaping Regional Growth Strategy:(By Hiroshi OKABE (Senior business news editor, Kyodo News)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3703">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3703</a>
<b>Cover Story</b>	1) Making the Most of Open Innovation in Post-crisis Era:(Andrew WYCKOFF & Miriam KOREEN <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3705">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3705</a> 2) Policies for Knowledge Societies at Global Forefront:(By Petri ROUVINEN (Research director at ETLA (Research Institute of the Finnish Economy))) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3706">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3706</a> 3) How Smaller Companies Can Benefit from Open Innovation:(By Henry CHESBROUGH (Adjunct professor, Haas School of Business, University of California, Berkeley, and executive director, Center for Open Innovation, Haas)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3707">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3707</a> 4) Open Innovation in China:(By Haibo LIU (Senior research fellow, Institute of Policy and Management, Chinese Academy of Sciences)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3708">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3708</a> 5) Open Innovation & Intellectual Property Rights The Two-edged Sword:(By Bronwyn H. HALL (Professor, Graduate School, University of California at Berkeley, and professor, University of Maastricht, Netherlands)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3709">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3709</a> 6) How Can Industrial Technology Policy Enhance Innovation? Outline of Interim Report by Industrial Science & Technology Policy Committee, Industrial Structure Council:(By Terunobu YAMAUCHI (Senior director for Innovation Strategy Planning, Industrial Science & Technology Policy Division, Industrial Science/Technology Policy & Environment Bureau, METI)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3710">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3710</a> 7) Cutting-edge Innovation by Japanese Firms: Case Study 1 DNA of Open Innovation: Yokogawa Electric Corp.:(By Masahito TAKAGI (General manager, Corporate Liaison Office, and concurrently deputy general manager, Technical Strategy Department, Corporate Research & Development Headquarters, Yokogawa Electric Corp.)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3711">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3711</a> 8) Cutting-edge Innovation by Japanese Firms: Case Study 2 Environment-Serving Photocatalysts: TOTO Ltd.:(By Hiroaki SHIMOMURA (Engineer, Technical Development Department, HYDROTECT Division, TOTO Ltd.)) <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3712">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3712</a> 9) Socio-technical Evolution Needed in Economic Crisis:(By Fumio KODAMA (Professor, Graduate School of Engineering Management, Shibaura Institute of Technology, Tokyo))



	<p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3713">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3713</a> 10) Innovation of IT &amp; by IT:(By Akihiko SHINOZAKI (Professor, Graduate School of Economics, Kyushu University. A former Japan Development Bank senior economist and a former government economist))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3714">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3714</a> 11) Renovation of Environmental Technology The Key: Open Innovation:(By Masahiko OZAKI (Senior fellow, Research Institute of Economy, Trade &amp; Industry (RIETI))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3715">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3715</a></p>
<b>Special Article</b>	<p>1) Social Impact of Ambatovy Project's Resettlement Process:(By Fabiana ILLESCAS TALLEDO &amp; Matthew STARNES (Head &amp; Senior legal counsel for the Ambatovy Project))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3716">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3716</a></p> <p>2) From an Evangelist of Kaizen A Japanese Way of Managing an Organization:(By Motokazu KANOKOGI (Management consultant, J-SMECA, and director, Global Development &amp; Management Consultants))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3717">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3717</a></p>
<b>Viewpoint</b>	<p>~ Foreign Correspondent 2.0:(By Tony MCNICOL (Writer and photographer))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3718">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3718</a></p>
<b>Business Profile</b>	<p>~ Interview with Koichiro Natsume, president of Aniplex Inc. Sending Out Anime Globally As Bearer of Japanese Culture:(Interviewer: Yoshihiro KATAOKA)</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3719">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3719</a></p>
<b>Challenging Region</b>	<p>~ Tsukuba City Aims at "Robot Town":(By Kunitoshi TOYODA (Chief, Ibaraki Bureau, Nikkan Kogyo Shimbun Ltd.))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3720">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3720</a></p>
<b>Promenade</b>	<p>~ Book Review: When Rover Met Honda The collaboration between two leading motor manufacturers INSIGHTS AND MEMORIES:(By Kiyoshi IKEMI (Formerly with Honda Motor Co.))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3721">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3721</a></p>
<b>Japanese Craft and Art</b>	<p>~ Foreign Interest Growing in Traditional Japanese Craftwork:(By Japan Traditional Craft Center)</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3722">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3722</a></p>
<b>Finance</b>	<p>~ Dai-ichi Mutual Life to Become Stock Company Having Largest No. of Shareholders in Japan - 3 Million:(By Katsuhiko SAKAI (Senior staff writer and deputy editor at Economic News Desk, Jiji Press))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3723">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3723</a></p>
<b>Culture</b>	<p>~ The Passing of 3 Entertainers:(By Masakazu HOSODA (chief editor, Cultural News Section, Kyodo News))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3724">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3724</a></p>
<b>Economic Focus</b>	<p>~ Globalization &amp; Economic Crisis:(By Naoyuki HARAOKA (Editor-in-chief, Japan SPOTLIGHT))</p> <p><a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3725">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3725</a></p>



## 2. Japan Spotlight, March/April 2010



<b>Publisher's Note</b>	~ Desirable Direction of Japan's New Economic Policies <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3729">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3729</a>
<b>Topics</b>	~ -Jobless Rate Cut to 3% Level in 4 Years -Struggling JAL Eyes Turnaround under New CEO <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3730">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3730</a> ~ Japanese Firms Market Rail Systems Globally <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3730">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3730</a>
<b>Cover Story</b>	~ 1 Interview with Jitsuro Terashima, chairman, Japan Research Institute Top Priority: Create New Industries <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3732">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3732</a> ~ 2 Tapping Possibility of New Macroeconomic Policy <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3733">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3733</a> ~ 3 DPJ-led Government's Economic Growth Strategy <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3734">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3734</a> ~ 4 What Is DPJ's Philosophy Behind Its Economy Policy? <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3735">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3735</a> ~ 5) Hatoyama's International Policy From Confusion to New Strategies? <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3736">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3736</a> ~ 6 How Can Greenhouse Gases Be Reduced After 2013? <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3737">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3737</a> ~ 7 Critical View about East Asian Community <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3738">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3738</a> ~ 8 Foundation for Sino-Japanese Economic & Trade Relations Mutual Benefit & Regional Cooperation <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3739">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3739</a> ~ 9 New Japanese Government's Trade Policy Southeast Asian Perspective <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3740">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3740</a> ~ 10 Hatoyama's Vision of an Asian Community A European View <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3741">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3741</a> ~ 11 A New Agenda: Might Japan Matter Again? <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3742">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3742</a>
<b>Keeping up with Time</b>	~ Where Was "Yamatai" Ruled by Mysterious Queen? <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3731">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3731</a>

<b>Special Article</b>	~ Sustainable Poverty Reduction & Growth Acceleration in Sub-Saharan Africa Role of International Economic & Social Policies <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3743">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3743</a>
<b>Winning Run</b>	~ Interview with ex-World Sprint Cycling Champion Koichi Nakano Japan's Keirin Going Global <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3744">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3744</a>
<b>Viewpoint</b>	~ Japan, India & United Nations Reflections of a Long-term Indian Resident in Japan <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3745">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3745</a>
<b>Challenging Region</b>	~ Nagareyama: City in Forest Close to Tokyo <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3753">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3753</a>
<b>Promenade</b>	~ Hachijojima An Island with Unique History & Culture <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3752">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3752</a>
<b>Japanese Craft and Art</b>	~ TORAYA Traditional Japanese Confectioner Since 16th Century <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3746">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3746</a>
<b>Finance</b>	~ Signs of Change in Cash-oriented Society Japan Marks 50th Anniversary of Credit Cards <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3747">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3747</a>
<b>Economic Focus</b>	~ Gender Disparity in Workplace What Can Japan Learn from France? <a href="http://www.jef.or.jp/journal/jef_contents_free.asp?c=3748">http://www.jef.or.jp/journal/jef_contents_free.asp?c=3748</a>

## Events in Japan

### **International Symposium: The Frontier of BOP Business**

JETRO, together with the Ministry of Economy, Trade and Industry\*, organized an international symposium aimed at deepening understanding and examining economic potential of BOP business on March 9.

BOP, or "Base of the Economic Pyramid," comprises the roughly four billion people (or 72% of the world's population) living in developing countries who earn less than \$3,000 per year. Collectively, BOP is drawing attention as an untapped market with huge potential for growth.

Defined as sustainable business targeting and involving BOP consumers, producers and buyers, BOP business is expected to contribute to addressing the many social challenges facing developing countries. BOP business not only allows companies to develop new markets, but also brings numerous benefits to local societies, such as help solving medical and hygiene issues, improvement of nutrition and also development of local economies through job creation along the supply chain.

The symposium's first session featured two keynote speeches: Prof. Vijay Mahajan of the University of Texas, a renowned marketing expert and social entrepreneur, discussed new

business solutions for BOP business; and Dr. Marilou Uy of the World Bank examined the potential for BOP business through public-private partnerships in developing countries/regions, drawing on her extensive experience in private sector development in South Asia and Africa.

The second session included two presentations and a panel discussion, under the theme "Current State and Growth Potential of BOP business." Panelists from public, private and civic sectors discussed "frontiers" in BOP business for Japanese companies, and examined policy support needed for these companies to make an entry into this sphere.

\*JETRO organized this symposium as a METI-commissioned project.

For more information, please visit:  
<http://www.ide.go.jp/English/Events/Sympo/100309.html>

or contact:

External Relations Division  
Phone: (043) 299-9536 Fax: (043) 299-9726  
Email: [sympo-sc@ide.go.jp](mailto:sympo-sc@ide.go.jp)

## W h a t ' s n e w o n t h e n e t ?

### New Reports from JETRO

Below are some recently published reports now available on the JETRO website.

#### **Survey of Japanese-Affiliated Firms in Asia and Oceania**

<http://www.jetro.go.jp/en/news/releases/20091211648-news>

#### **Japan's Agricultural, Forestry and Fisheries Trade in 2008**

[http://www.jetro.go.jp/en/reports/survey/pdf/2009\\_08\\_trade\\_2.pdf](http://www.jetro.go.jp/en/reports/survey/pdf/2009_08_trade_2.pdf)

#### **Summary of the Result of 2009 JETRO Survey on Business Conditions of Japanese companies in the U.S. and Canada**

[http://www.jetro.go.jp/en/reports/survey/pdf/2009\\_12\\_biz.pdf](http://www.jetro.go.jp/en/reports/survey/pdf/2009_12_biz.pdf)

#### **2009 Survey on International Operations of Japanese Firms**

<http://www.jetro.go.jp/en/news/releases/20100318389-news/survey100325.pdf>

#### **Japan-China Trade Declines for the First Time in 11 years**

<http://www.jetro.go.jp/en/news/releases/20100217809-news>

#### **Survey of Business Sentiment on Japanese Corporation in Thailand for Autumn 2009**

[http://www.jetro.go.jp/thailand/e\\_survey/pdf/jccaut09eng.pdf](http://www.jetro.go.jp/thailand/e_survey/pdf/jccaut09eng.pdf)



# Exploring Japan

How to enjoy preferential tariff rates through EPAs/FTAs (when importing from Japan)  
2010 version

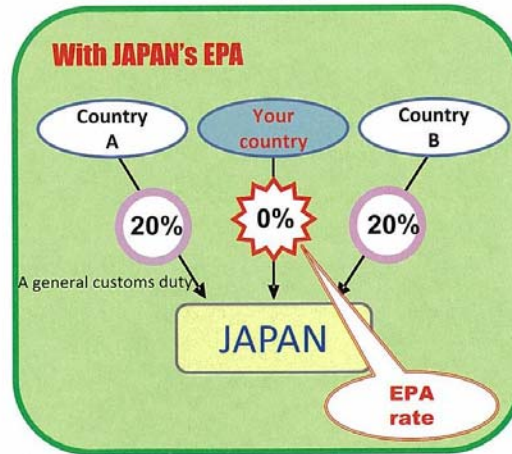
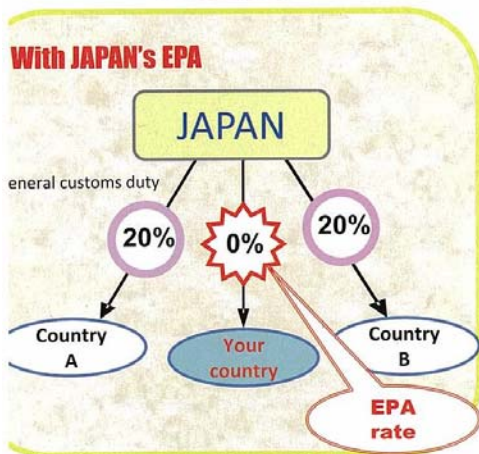
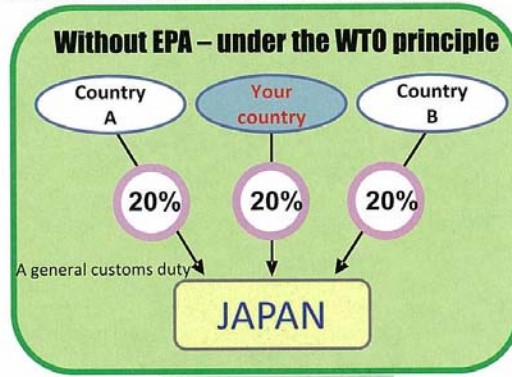
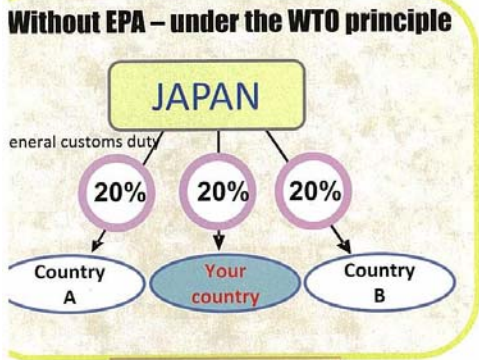
JAPAN EXTERNAL TRADE ORGANIZATION  
JETRO  
Edited by Ministry of Economy, Trade and Industry  
JAPAN

## Highlights of “How to Enjoy Preferential Tariff Rates through EPAs/FTAs (when importing from Japan) 2010 version Booklet

When **importing** to your country from JAPAN, a customs duty in your country's customs might be **eliminated/reduced**. \*\*

When **exporting** to JAPAN from your country, a customs duty in Japan's customs might be **eliminated/reduced**. \*\*

\*\* : In order to take advantage of EPA/FTAs , it is necessary to acquire a Certificate of Origin (CO) by meeting the conditions based on each agreement. Please confirm details with information in the back.



### • How are EPA tariff rates defined?

Typical EPA tariff rates are the following 3 types:

1. Tariff rate becomes 0% when the EPA enters into force.
2. Tariff elimination occurs in a certain period of time after entry into force.
3. No tariff elimination or reduction (the MFN rate is applied)

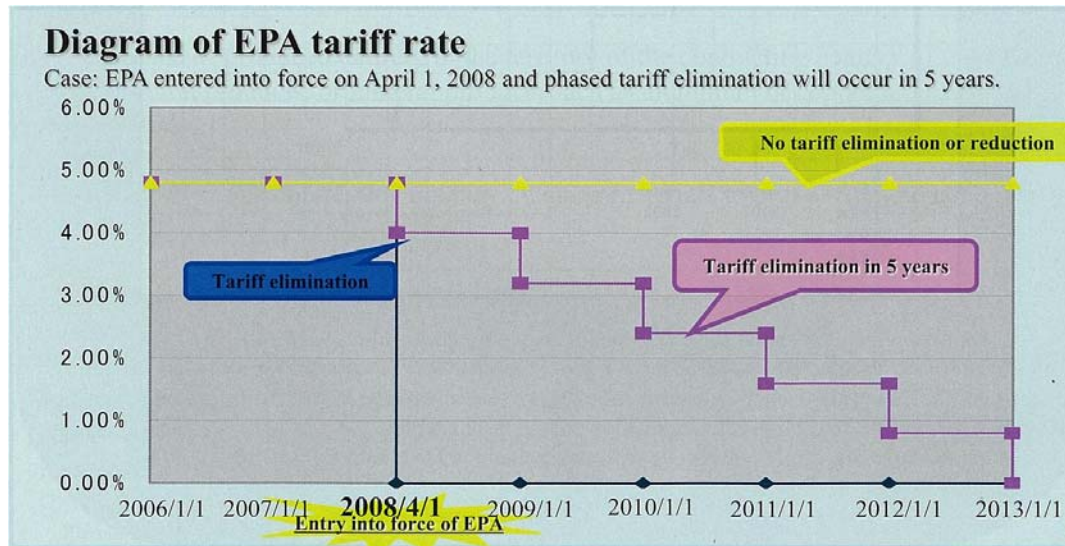
So, to use the EPA, it is necessary to check that the EPA rate is lower than the MFN rate.

Case 1: After EPA entered into force, the EPA rate becomes 0%, so there is an advantage in using EPA unless the MFN rate is also 0%.

Case 2: After EPA enters into force, EPA rate reduces in annual installments and finally the EPA rate becomes 0%. Normally, after the EPA enters into force, the tariff rate will be reduced in 3,5,7 or 10 years, then the EPA rate will become 0% after a certain period of time.

So, when the EPA rate is lower than the MFN rate, there are advantages in using the EPA.

Case 3: In this case, the EPA will not commit any tariff elimination or reduction, so the MFN rate must be used.



### • What are the Rules of Origin?

#### Rules of Origin in EPAs

When exporters and importers confirm that applicable tariff rates for their products under the EPA are lower than those on a MFN basis in the importing country, then they are to assure that their products are qualified for the EPA tariff rates for the next step:

Confirmation of originating status.

This process is necessary, because the products targeted by the EPA must be goods that originated in the contracting countries.

The Rules of Origin are the criteria to judge whether the products to be imported have this qualification or not.

When exporters and importers consider that certain products satisfy the Rules of Origin in the EPA, those exporters are to apply for a "Certificate of Origin" to be issued.

In the case of importing from Japan, exporters are to prove to the relevant governmental authority in Japan the fact that such products were actually made in Japan in order to acquire the Certificate of Origin. What are the Rules like?

Exporters are to check whether the products to be exported are:

1. Obtained or produced entirely in the territory of the contracting country of the EPA. Agricultural products or mineral products such as aluminum or copper are likely to be covered.
2. Produced in one contracting country by using materials imported from no contracting countries.

In the case of 1. above, the products are assumed to be "wholly obtained", and may be conferred originating status.

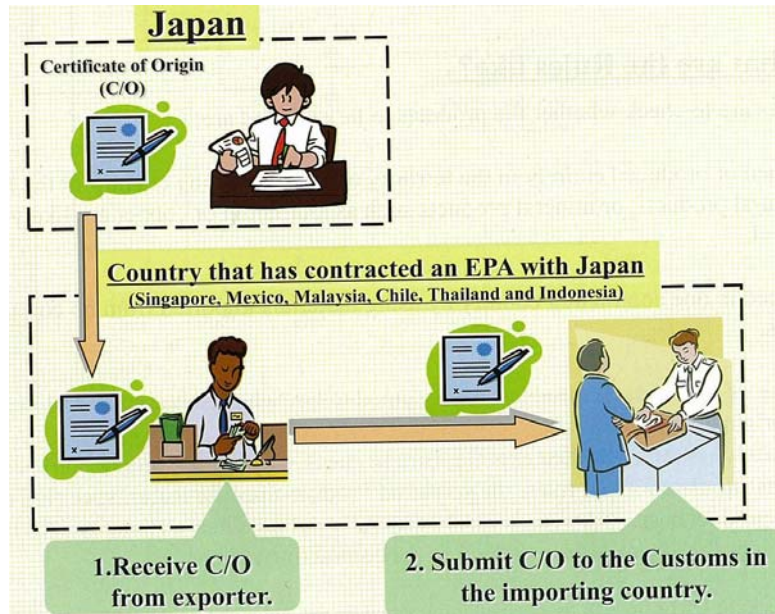
When 2. Above is the case, then exporters are to check whether the production meets the requirements stipulated in the rules, the so-called Product-Specific Rules, specified on a product-by-product basis. The requirements generally define either a change in HS tariff classification or the extent of value added in the contracting country.

**• How do importers treat a Certificate of Origin (C/O)?**

To treat a Certificate of Origin

Exporters in Japan are to send the C/O to importers.

After receiving the C/O, importers are to submit the certificate to the Customs authority of the importing country in making their import declaration. Importers are to declare their intention to use EPA tariff rates, for the rates do not automatically apply to the imported products at the Customs. The Certificate of Origin proves that the products are eligible to enjoy EPA tariff rates.



**• Useful URLs for EPAs/FTAs web sites and information**

Japan Customs HP (Japan's Tariff Rates)	<a href="http://www.customs.go.jp/english/index.htm/">http://www.customs.go.jp/english/index.htm/</a>
Japan-Thailand EPA	<a href="http://www.mofa.go.jp/policy/economy/fta/thailand.html">http://www.mofa.go.jp/policy/economy/fta/thailand.html</a>
Website of Thailand	<a href="http://igtft.customs.go.th/igtft/en/main_frame.jsp">http://igtft.customs.go.th/igtft/en/main_frame.jsp</a> <a href="http://www.thaifta.com/english/index_eng.html">http://www.thaifta.com/english/index_eng.html</a>

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