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Committee on Trade and Development

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GENERALIZED SYSTEM OF PREFERENCES

NOTIFICATION BY JAPAN

Addendum

The following communication, received on 8 June 2021, is being circulated at the request of the delegation of Japan.

1 PURPOSE OF JAPAN'S GSP

1. The Generalized System of Preferences (GSP) applies reduced tariffs on designated imported goods originating from developing countries or territories, with the aim of helping them increase their export income, advance their industrialization and promote their economic development. Japan is properly managing GSP from the viewpoint of contributing to the economic development of developing countries.

2 EXTENSION OF JAPAN'S GSP SCHEME

2. Japan's GSP scheme started on 1 August 1971 and previous Japan's GSP scheme was set to be expired on 31 March 2021. However, considering the aforementioned policy objectives and envisaged benefit of its GSP scheme in future, Japan decided to extend its GSP scheme until 31 March 2031. The product coverage, preferential tariff rates and preferential rules of origin under the scheme have not been changed by this extension.

3 CURRENT CRITERIA FOR GRADUATION OF THE GSP SCHEME

3. In 2017, Japan has introduced additional criteria for Partial Graduation and Entire Graduation with the current GSP scheme, in light of providing more balanced market access opportunities among GSP beneficiaries. The additional criteria is underlined below.

(1) Partial Graduation

Considering its global competitiveness, the products originating from the beneficiary shall be excluded from application of the preferential treatment, if the conditions (a) and (b) below are satisfied.

(a) Criteria for countries/territories

(i) The beneficiary is classified as a high income economy in the World Bank Statistics of the previous year.

OR

(ii) The beneficiary is classified as an upper middle-income economy in the World Bank Statistics of the previous year, AND, the value of beneficiary's exports exceeds 1% of the total value of the world exports in the WTO World Trade Statistics Review of two years ago.
(Additional criterion, effective as of 1 April 2018)

(b) Criterion for products

The value of Japan's imports of the product originating from the beneficiary exceeds one billion yen, AND, the said value exceeds 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.

(2) *Entire Graduation*

A country or territory shall be excluded from the list of beneficiaries of Japan's GSP scheme, if the conditions (a) or (b) below are satisfied.

(a) The beneficiary has been classified as a high income country in the World Bank Statistics for three consecutive years.

OR

(b) The beneficiary has been classified as an upper middle-income economy in the World Bank Statistics for three consecutive years, AND, the value of beneficiary's exports has been above 1% of the total value of the world exports in the WTO World Trade Statistics Review for three consecutive years.

(Additional criterion, effective as of 1 April 2019)

4 REVISION OF THE LIST OF BENEFICIARIES

4. Pursuant to the criteria for Entire Graduation described above, Brazil, China, Malaysia, Mexico, and Thailand were excluded from the list of beneficiaries of Japan's GSP Scheme on 1 April 2019, and Palau was excluded from the list on 1 April 2021.
