

APPENDIX 3-B-1

PROVISIONS RELATED TO CERTAIN VEHICLES AND PARTS OF VEHICLES

SECTION 1

Supplier's declarations

Where a supplier in Japan provides a producer in Japan of the products of headings 84.07 and 84.08 and headings 87.01 to 87.08 with the information necessary to determine the originating status of the products, a supplier's declaration may be provided by the supplier.

SECTION 2

Interim threshold of product specific rules of origin for vehicles and parts of vehicles

1. For the purpose of this Section, "year" means, with respect to the first year, the twelve-month period from the date of entry into force of this Agreement, and with respect to each subsequent year, the twelve-month period after the end of the previous year.

2. For vehicles of heading 87.03, each Party shall apply the following rule:

From the first year until the end of the third year	From the fourth year until the end of the sixth year	From the beginning of the seventh year
MaxNOM 55 % (EXW); or RVC 50 % (FOB)	MaxNOM 50 % (EXW); or RVC 55 % (FOB)	MaxNOM 45 % (EXW); or RVC 60 % (FOB)

3. The interim threshold set out in the tables of subparagraphs (a) to (c) applies to products directly exported from a Party to the other Party and does not apply to products incorporated into a complete vehicle as materials in the exporting Party:

- (a) For parts of vehicles of headings 84.07 and 84.08, each Party shall apply the following rule:

From the first year until the end of the third year	From the beginning of the fourth year
MaxNOM 60 % (EXW); or RVC 45 % (FOB)	MaxNOM 50 % (EXW); or RVC 55 % (FOB)

- (b) For parts of vehicles of headings 87.06 and 87.07, each Party shall apply the following rule:

From the first year until the end of the fifth year	From the beginning of sixth year
MaxNOM 55 % (EXW); or RVC 50 % (FOB)	MaxNOM 45 % (EXW); or RVC 60 % (FOB)

(c) For parts of vehicles of heading 87.08, each Party shall apply the following rule:

From the first year until the end of the third year	From the beginning of the fourth year
CTH; MaxNOM 60 % (EXW); or RVC 45 % (FOB)	CTH; MaxNOM 50 % (EXW); or RVC 55 % (FOB)

SECTION 3

Application of the product specific rules of origin for certain motor vehicles through production processes related to certain parts

1. For the purpose of satisfying the product specific rule of origin of Column 2 in Annex 3-B applicable to motor vehicles of subheadings 8703.21 to 8703.90, a material listed in Column (i) in the table below used in the production of those motor vehicles shall be considered originating in a Party if:
 - (a) it meets the product specific rule of origin of Column 2 in Annex 3-B applicable to that material; or

- (b) the production process related to that material, as laid down in Column (ii) in the table below, is carried out in a Party.

Table

Column (i) Harmonized System Classification (2017) including specific description ¹	Column (ii) Related production process
7007.11	Tempering of a non-originating material provided that non-originating materials of heading 70.07 are not used.
7007.21	Tempering or laminating of a non-originating material provided that non-originating materials of heading 70.07 are not used.

¹ Where a specific description of a material is included in Column (i), the related production process in Column (ii) applies only to that material.

Column (i) Harmonized System Classification (2017) including specific description ¹	Column (ii) Related production process
8707.10 - Bodies in white ¹ in steel, for the motor vehicles of subheadings 8703.21 to 8703.90	Production from non-originating semi-finished steel products of headings 72.07, 72.18 and 72.24. ²

¹ For the purposes of this Section, "bodies in white" means bodies where the metal components have been joined together before painting; including assembly of:

- frame; and
 - body parts; and
- excluding assembly in the frame structure of:
- the engine;
 - the chassis sub-assemblies, or trim (glass, seats, upholstery, electronics, etc.); or
 - moving parts (doors, trunk, bonnet, as well as fenders).

² In order to apply the related production process rule:

- (a) the parts of the body in white listed below, to the extent they are constituent parts of the body in white, shall be made in steel:
- A, B and C pillars or equivalent part;
 - side members or equivalent part;
 - cross members or equivalent part;
 - floor side rails or equivalent part;
 - sides panels or equivalent part;
 - roof side rails or equivalent part;
 - dash board support or equivalent part;
 - roof supports or equivalent part;
 - rear wall or equivalent part;
 - firewall or equivalent part;
 - bumper beams or equivalent part; and
 - floor pan or equivalent part; and
- (b) parts or combinations of parts, whichever their name, as far as they fulfil the same function as the parts listed above, shall also be made in steel.

Column (i) Harmonized System Classification (2017) including specific description ¹	Column (ii) Related production process
8708.10 - Bumpers (not including parts thereof)	All non-originating polymer and flat-rolled products used shall be moulded or stamped.
8708.29 - Body stampings (not including parts thereof) - Door assemblies (not including parts thereof)	All non-originating materials shall be moulded or stamped. All non-originating materials used to produce door skin or insole panel shall be moulded or stamped; and all non-originating door parts used shall be assembled; and non-originating materials of heading 87.08 shall not be used.
8708.50 - Drive-axles with differential, whether or not provided with other transmission components - Non-driving axles (not including parts thereof)	Drive shaft and differential gears are produced from non-originating flat-rolled metal; and non-originating materials of heading 87.08 shall not be used. Non-driving axles are produced from non-originating flat-rolled metal; and non-originating materials of heading 87.08 shall not be used.

2. The application of paragraph 1 is without prejudice to the application of the provisions of Section A of Chapter 3 and Annex 3-A.

SECTION 4

Review of and consultations on the implementation of Section 3

1. After seven years from the entry into force of this Agreement, the Parties shall, on request of either Party on the basis of available information, jointly review the implementation of Section 3.
2. After the initiation of the review provided for in paragraph 1, a Party may request consultations with the other Party, provided that, based on facts and not merely on allegation, conjecture or remote possibility, there is evidence:
 - (a) that imports of the products of subheadings 8703.21 to 8703.90 from the requested Party into the requesting Party have, by application of Section 3, significantly increased in absolute terms or relative to domestic production, or

- (b) of changes in patterns of sourcing after the entry into force of this Agreement which have had a negative effect on competition for domestic producers of directly competitive products in the requesting Party.
- 3. The Parties shall consult with a view to establishing the accuracy of the facts and identifying appropriate measures relating to the implementation of Section 3. Such measures shall not result in an expansion of the application of Section 3.
- 4. For greater certainty, in case of disagreement between the Parties on the application of this Section, a Party may have recourse to dispute settlement under Chapter 21.

SECTION 5

Relation with third countries

The Parties may decide that some or all materials of headings 84.07, 85.44 and 87.08 of the Harmonized System originating in a third country used in the production in a Party of a product of heading 87.03 of the Harmonized System are considered as originating materials under this Agreement, provided that:

- (a) each Party has a trade agreement in force that forms a free-trade area with that third country, within the meaning of Article XXIV of GATT 1994;

- (b) an arrangement is in force between the Party and that third country on adequate administrative cooperation ensuring full implementation of this Section and that Party notifies the other Party of the arrangement; and
 - (c) the Parties agree on any other applicable conditions.
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