

What Is SECURUS?

SECURUS Strategic Trade Solutions, LLC is a global foreign trade consultancy.

We operate on the front lines of the global economy. We maintain up-to-date information on foreign trade regulatory changes, the trading environment, and trade challenges in virtually every corner of the globe.

We help traders of all sizes enter and navigate the complex world of foreign trade regulation. We work with major multinational enterprises, small businesses, and individuals—anyone looking to move their goods across borders.

SECURUS is also a partner to governments in promoting a fair, safe, and secure global foreign trade landscape.

SECURUS has the solutions to your trade challenges and compliance needs. *SECURUS is your port of entry to the world.*

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Import Regulations in Japan

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Japan is the third largest economy in the world in terms of gross domestic product (GDP) and the fourth largest in purchasing power. It is a major global producer, exporter, and importer of a diverse range of goods and technologies, including advanced technology products.

Japan is the fifth largest importer in the world. Its principal import industries include petroleum, liquid natural gas, and electrical, industrial, and medical equipment. The main suppliers of goods imported to Japan are China, the United States, Australia, South Korea, and Saudi Arabia.

Machinery and aerospace are particularly dynamic industries for imports to Japan. The Japanese machinery industry is a strong, established market for businesses seeking to export parts, components, and technologies to Japan. Over 200 companies in Japan are identified as manufacturers of machine tools, and the industry has grown steadily since 2014. Japan has focused on enhancing its domestic machinery production, which has resulted in growing demand for imports of machinery parts and components.

The Japanese aerospace industry has grown in the past five years. Currently it is one of the largest industrial markets in Asia, with a production value of over 2 trillion yen (US\$17.6 billion). Imports for the aerospace industry totaled over 574 billion yen

(US\$5.1 billion) in 2017. The U.S. was the largest supplier of aerospace goods to Japan in 2017, at a value of 362 billion yen (US\$3.2 billion).

The size, diversity, and continuing growth of the Japanese economy present great opportunities for foreign exporters as well as importing firms and trade facilitators located in Japan. However, Japan's import regulations are complex and penalties for violations are strict. Companies seeking to navigate Japan's import controls successfully should be informed of and comply with Japanese laws and regulations.

Laws & Regulations

The *Foreign Exchange and Foreign Trade Act* (last amended in 2017) empowers the Japanese government to regulate foreign trade, foreign exchange, and other foreign transactions.

Companies seeking to navigate Japan's import controls successfully should be informed of and comply with Japanese laws and regulations.

Other Import Laws and Regulations Include...	What They Do...
<i>Law Concerning Wildlife Protection and Hunting</i> (last amended in 2015)	Regulates exports and imports of fauna and their by-products, such as eggs and furs Requires inspections of wildlife and legal capture certificates
<i>Firearms and Swords Possession Control Law</i> (last amended in 2018)	Regulates imports of civilian firearms and swords
<i>Poisonous and Deleterious Substances Control Act</i> (last amended in 2013)	Controls imports of poisonous and potentially harmful substances
<i>Narcotics and Psychotropics Control Act</i> (last amended in 2015)	Controls imports of narcotics and psychotropic substances
<i>Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors</i> (last amended in 2007)	Regulates imports of nuclear materials Requires inspection before import and upon arrival
<i>Explosives Control Law</i> (last amended in 2017)	Regulates imports of explosives, explosive materials, and articles processed by heat
<i>Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, Etc.</i> (last amended in 2017)	Regulates the importation of chemicals and chemical substances
<i>Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases</i> (last amended in 2014)	Controls the importation of potential disease carriers, including viruses, bacteria, and certain animals Requires certification for import
<i>Food Sanitation Act</i> (last amended in 2006)	Regulates the import of food and drink, food containers, and tableware Requires inspections for safety at the time of import
<i>Plant Protection Law</i> (last amended in 2005)	Regulates imports of flora and their by-products

The law regulates the transfer and movement of goods, software, and technology as well as physical and intangible capital transactions.

In order to achieve the sound development of foreign trade and the national economy, to fulfill Japan's international obligations, to contribute to international peace, or to implement a Cabinet decision, the *Foreign Exchange and Foreign Trade Act* enables the Japanese government to require persons to apply for government approval to import specified goods.

The Foreign Exchange and Foreign Trade Act empowers the Japanese government to regulate foreign trade, foreign exchange, and other foreign transactions.

The *Foreign Exchange and Foreign Trade Act* also states that foreign investors must report any financial transactions to the Minister of Finance and the ministers with responsibility for the types of products involved in the transaction. In certain cases, the Minister of Finance must provide prior approval for imports of means of payments, securities, and precious metals.

The *Import Trade Control Order* (last amended in 2005) requires persons to obtain permission from the Ministry of Economy, Trade, and Industry (METI) to import goods under import quotas, goods from specific countries, and goods subject to import control procedures, unless the items qualify for an exception. A permission is valid for up to six months, unless its validity is extended or shortened by METI. The order allows METI to establish import quotas and specific restrictions on certain goods.

The *Customs Law* (last amended in 2018) outlines the procedures for clearance of imports of goods through Japan Customs. Importers

must fill out a customs declaration before entering the country and provide proper duty payments and security for the items. An importer of controlled or restricted goods must have documentation stating that the appropriate regulatory body has granted the necessary permissions.

Customs can prevent goods from entering if the importer does not observe the required formalities.

The law also identifies tariff rates and classifications, lists prohibited imports, and establishes penalties for import violations.

Regulatory Bodies

METI is the principal government body responsible for regulating foreign trade in Japan. It is charged with implementing and enforcing the *Foreign Exchange and Foreign Trade Act*.

METI provides licenses or other types of permissions for the importation of certain restricted items, including:

- Items subject to import quotas;
- Endangered wildlife and related items;
- Designated industrial chemicals;
- Military weapons, military aircraft, warships, armored vehicles, and related parts and accessories;
- Explosives;
- Nuclear material; and
- Certain types of high pressure gas.

The Japan Customs and Tariff Bureau, part of the Ministry of Finance, applies and enforces customs controls on inbound and outbound goods.

Within Customs, the Clearance Division provides approvals for imports as well as end-use analysis of goods to be imported. The Enforcement Division conducts physical

examinations of import goods and seizures of illicit items.

Controlled Items

The Japan Customs and Tariff Bureau maintains a list of goods that are restricted and require licenses or permits for importation. These include cultural heritage items, animals, plants, designated chemicals, grains, sand and gravel, and wastes.

A number of items are also prohibited from importation. These include:

- Heroin, cocaine, opium, cannabis, methamphetamines, and raw materials for stimulants;
- Precursor chemicals for chemical weapons;
- Biological material that could be used in biological weapons;
- Firearms and ammunition for sale;
- Counterfeit or altered currency (coins, bills, credit cards, and other forms of currency);
- Obscene or immoral materials; and
- Items that violate intellectual property rights laws.

Import Process

If the items to be imported are restricted goods, an importer first must notify the appropriate regulatory body and apply for import authorization.

The Ministry of Economy, Trade, and Industry is the principal government body responsible for regulating foreign trade in Japan.

Other Regulatory Bodies Include...	What They Do...
Ministry of Finance	Regulates inward and outward financial transactions
Ministry of Health, Labor, and Welfare	Issues import authorizations for and enforces controls on selected narcotic drugs, pharmaceuticals, food, drink, radiological equipment, human infectious diseases, and harmful substances
Ministry of the Environment	Establishes controls over and approves imports of certain bird species, animals, and their by-products
Nuclear Regulation Authority, Ministry of the Environment	Provides permission for use of radioisotopes (necessary for Customs to approve importation) Monitors the safety of activities involving radioisotopes
National Police Agency	Enforces controls over and approves imports of pistols, machine guns, shotguns, swords, and other specified weapons
Ministry of Agriculture, Forestry, and Fisheries	Issues permits and licenses for and/or enforces controls over imports of fertilizers, agricultural chemicals, certain plants and animals, related products, and related infectious diseases

Controlled Items Include...	Why They Are Controlled...
Endangered animals and plants and goods made from them, such as clothing, handbags, jewelry, crafts, herbal remedies, stuffed animals, belts, and shoes	Uphold international treaties, conserve endangered species
Any plants or animals and materials related to them, such as soil, meats, equipment, and other items	Protect public health and safety
Food and food-related products, such as tools, additives, packaging, and items involving infants	Prevent sanitation hazards, ensure food safety, protect public health
Nuclear and radiological materials	Ensure public safety by preventing hazards
Fertilizer	Protect public health
High pressure gas	Ensure public safety by preventing accidents and disasters
Chemicals and other harmful substances	Prevent environmental pollution in order to protect the health and safety of humans, flora, and fauna
Personal firearms, related ammunition, and swords	Protect public safety and prevent harm
Health-related items not for personal use, such as medications, cosmetics, and medical devices	Prevent public health hazards

The regulatory body will review the application and decide whether to authorize the import. The body will examine the details of the transaction and the goods and their origin before making a final decision. The importer must register with the appropriate agency before the regulatory body will issue the import authorization.

If the regulatory body grants the authorization, then the importer may proceed with the transaction. If the application is rejected, however, the importer may request a hearing to protest the result.

There are additional requirements for certain imports based on the type of good and the regulatory body. These include:

- **Quarantine:** Most plants and animals require quarantine upon arrival;
- **Inspection:** Some plant and animal products require phytosanitary or veterinary inspection, and certain high pressure gas containers must undergo a safety inspection by the designated body in the prefecture where entry occurs;
- **Packaging, marking, and labeling:** Imports of food, medications, and chemicals must comply with specific packaging, marking, and labeling requirements;
- **Additional authorization:** Importers of specified items, such as certain types of hazardous waste, must obtain permission from multiple regulatory bodies before the items can be imported.

An importer or its agent must register cargo information with the Nippon Automated Cargo

and Port Consolidated System (NACCS) no later than 24 hours before the departure of the carrying vessel or aircraft for Japan.

Upon the arrival of the goods at a port of entry, the importer generally must undergo customs clearance. The importer must file an import declaration identifying the amount and value of the goods. The importer also must submit certain supporting documents with the import declaration, including invoices, certificates of origin, any necessary licenses or permits, inventory lists, and proof of customs duty payment or exemption.

Customs officials then will examine the goods, unless they are imported by government ministries or cleared before arrival. If Customs detects illegal goods, it will notify the owner and seize the items. After the goods are cleared, Customs will allow the goods to enter the country.

Penalties for Non-Compliance

Penalties for violating Japan's import laws can be very strict.

Persons who violate the conditions of an import license, permit, or approval can be punished administratively under the *Foreign Exchange and Foreign Trade Act* with a fine of up to 100,000 yen (US\$877).

Criminal penalties for violations of the *Foreign Exchange and Foreign Trade Act* include:

- **Importing restricted goods without permission:** Fine of up to 5 million yen (US\$43,800) and/or 5 years' imprisonment with labor; in cases in which 5 times the

price of the subject of the violation exceeds 5 million yen, the fine shall not be more than 5 times the price;

- **Importing means of payment, securities, or precious metals, controlled pursuant to a Cabinet Order, without permission:** Fine of up to 1 million yen (US\$8,780) and/or 3 years' imprisonment with labor; in cases in which 3 times the price of the subject of the violation exceeds 1 million yen, the fine shall not be more than 3 times the price;
- **Importing means of payment, securities, or precious metals, controlled pursuant to a Cabinet Order, without providing advance notification to the Ministry of Finance, except in cases in which the Ministry has issued permission for the import:** Fine of up to 500,000 yen (US\$4,390) or 6 months' imprisonment with labor;
- **Refusing or obstructing facility inspections:** Fine of up to 500,000 yen (US\$4,390) or 6 months' imprisonment with labor.

The Japan Customs and Tariff Bureau maintains a list of goods that are restricted and require licenses or permits for importation.

The *Customs Law* also contains penalties for violations.

Administrative penalties include:

- **Failing to pay customs duty fully:** Payment of non-payment amount plus delinquent tax of 3-7% of duty shortfall; can increase to 6-14% if payment does not occur within two months;
- **Making an exemption declaration after the deadline:** Payment of additional tax of 10% of tax balance due;
- **Concealing or disguising all or part of the facts in a declaration that will affect the calculation of the tax to be paid:** Payment of additional tax of 30% of tax balance due; can increase to 40% in accordance with the provisions of a Cabinet Order.

Imports of certain types of items are subject to requirements such as quarantine, inspection, marking, labeling, and authorization by multiple regulatory bodies.

Criminal penalties include:

- **Importing prohibited goods:** Fine of up to 30 million yen (US\$263,000) and/or 10 years' imprisonment with labor;
- **Intent to import prohibited goods or aiding others in importing prohibited goods:** Fine of up to 5 million yen (US\$43,800) and/or 30 million yen (US\$263,000), depending on the item, and/or 5 years' imprisonment with labor;
- **Failing to pay tariffs due to deceit or "other unfair acts":** Fine of up to 10 million yen (US\$87,800) and/or 10 years' imprisonment with labor;
- **Failing to file a customs declaration:** Fine of up to 300,000 yen (US\$2,630) and/or 1 year imprisonment with labor;
- **Making transactions with intent of violating customs law:** Fine of up to 300,000 yen (US\$2,630) and/or 1 year imprisonment with labor.

Legal persons and representatives of legal persons are also subject to prosecution and punishment for trade offenses under Japanese law.

Each of the laws pertaining to controlled imports also includes fines and other penalties for violations.

An importer or its agent must register cargo information with NACCS no later than 24 hours before the departure of the carrying vessel or aircraft for Japan.

Administrative penalties for trade violations involving specific items include:

- **Failure to notify the Ministry of Health, Labor, and Welfare of the importation of food for marketing/business purposes:** Fine of up to 500,000 yen (US\$4,390) (*Food Sanitation Act*);

- **Sale of high pressure gas without prior notification to the prefectural governor:** Fine of up to 300,000 yen (US\$2,630) (*High Pressure Gas Safety Act*);
- **Failure on the part of a commercial narcotics handler to prepare and maintain at the site of operations records of narcotics import and other transactions:** Fine of up to 200,000 yen (US\$1,750) (*Narcotics and Psychotropics Control Act*).

Criminal penalties for trade violations involving specific commodities include:

- **Engaging in the importation of poisonous chemicals and deleterious substances without first obtaining the approval of the Minister of Health, Labor, and Welfare:** Fine of up to 2 million yen (US\$17,560) or 3 years' imprisonment with labor (*Poisonous and Deleterious Substances Control Act*);
- **Importation of specified weapons without approval of the National Police Agency:** Fine of up to 30 million yen (US\$263,000) or 10 years' imprisonment with labor (*Firearms and Swords Possession Control Law*);
- **Importation of edible products that have not been approved by the Ministry of Agriculture, Forestry, and Fisheries or Customs:** Fine of up to 3 million yen (US\$26,300) or 3 years' imprisonment with labor (*Food Sanitation Act*);
- **Importation of high pressure gas without METI approval:** Fine of up to 1 million yen (US\$8,780) or 1 year imprisonment with labor (*High Pressure Gas Safety Act*);
- **Importation of chemicals without performing an investigation of toxicity:** Fine of up to 500,000 yen (US\$4,390) or 6 months' imprisonment (*Industrial Safety and Health Act*);
- **Importation of narcotics without due cause:** Fine of up to 5 million yen (US\$43,800) or 1-10 years' imprisonment (*Narcotics and Psychotropics Control Act*).

It is important for importers in Japan to remain knowledgeable and informed of the most up-to-date changes in Japanese foreign trade rules and requirements.

Because of these strict penalties, it is important for importers in Japan to remain knowledgeable and informed of the most up-to-date changes in Japanese foreign trade rules and requirements.

SECURUS Strategic Trade Solutions, LLC has substantial experience guiding private industry and governments through the intricacies of foreign trade regimes, including Japan's. Please contact us today with your specific issues or questions regarding Japan's import regulations.

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