



JAPAN CUSTOMS

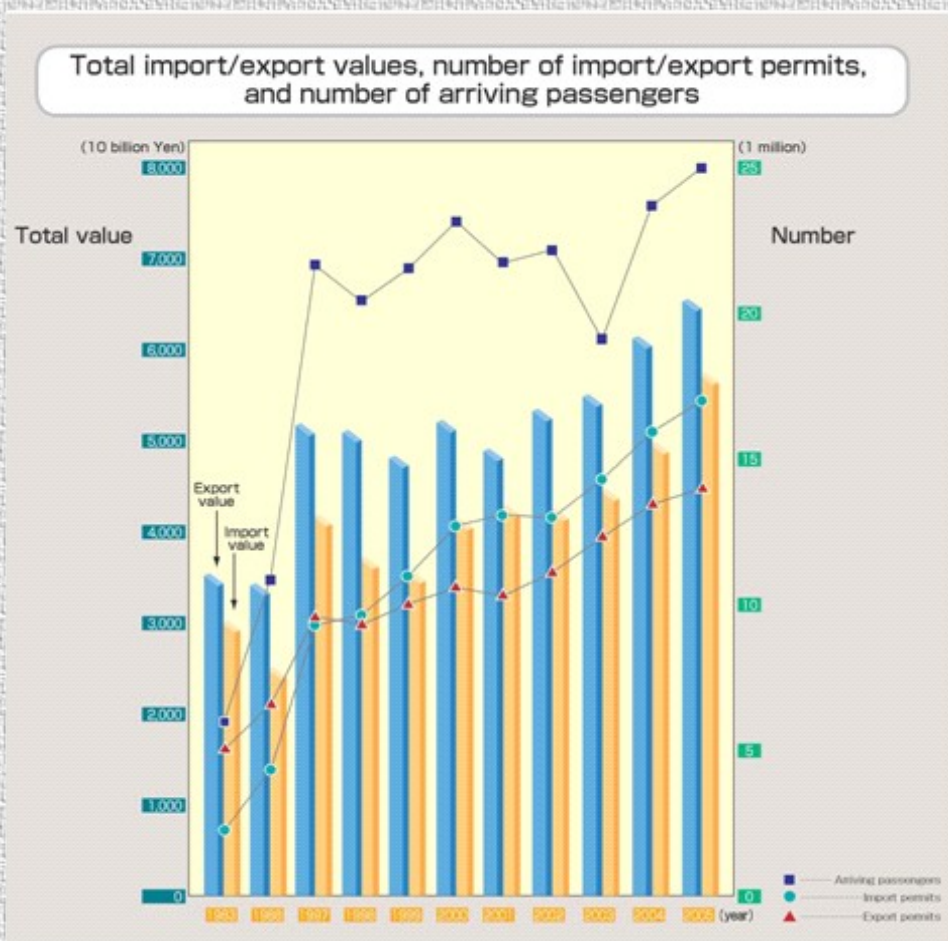
IN BRIEF





Customs: Key Facts

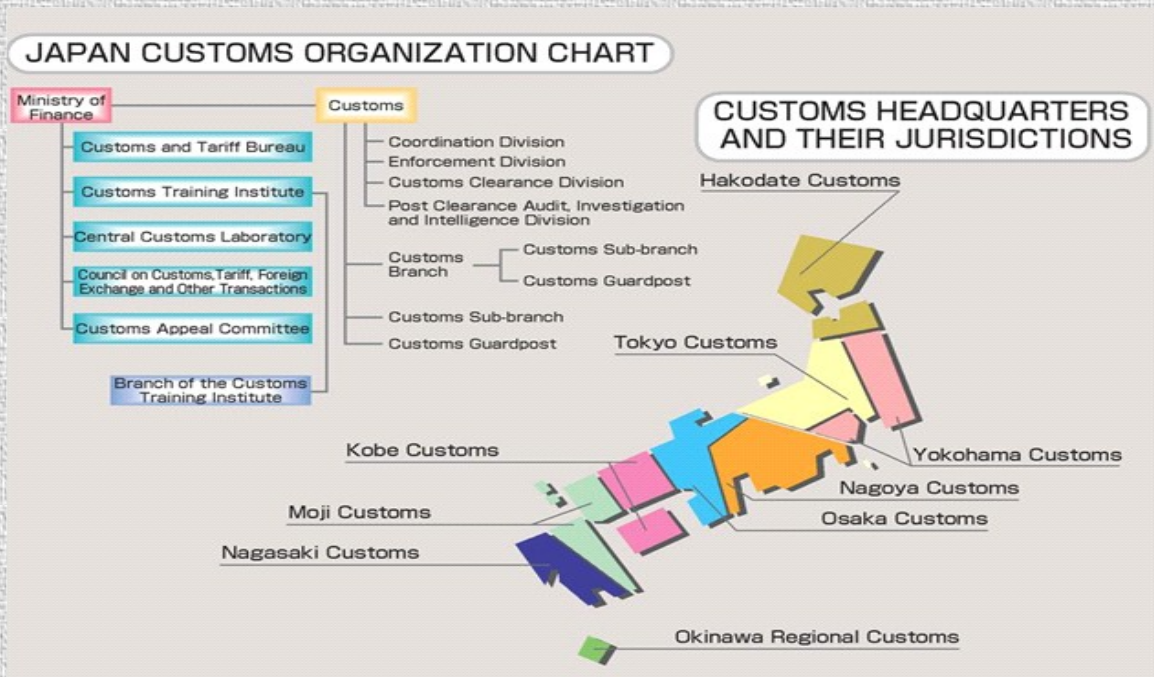
- Japan Customs performs a wide range of tasks, such as the collection of Customs duties as well as Customs clearance, surveillance, and control. In these ways, Japan Customs contributes to the maintenance of the international trade order and the sound development of international trade.
- Recently, the international exchange of people and goods has been increasing dramatically with the internationalization of Japan's society and economy.
- Japan Customs plays an extremely important role at the border.





Structure and Organization of Customs

- Functioning as local branches of the Ministry of Finance, Customs offices are established throughout the country.
- There are 9 Customs headquarters (Hakodate, Tokyo, Yokohama, Nagoya, Osaka, Kobe, Moji, Nagasaki, and Okinawa).
- Each Customs headquarters has departments responsible for coordination, enforcement, Customs clearance and post clearance audit, investigation and intelligence.
- For the local administration of Customs, there are Customs branches, Customs sub-branches, and Customs guard posts in certain locations.
- Customs offices are located at almost all of the nation's 120 international seaports (Keihin, Kobe, Osaka, Nagoya, etc.), and at 27 international airports (Narita, Kansai, etc.), which are designated as "Customs seaports" or "Customs airports."
- There are also Customs offices in many other cities and ports as well as at post offices where international mail is processed.
- As of 1 January 2007, there are 9 Customs headquarters, 68 Customs branches, 127 Customs sub-branches, and 7 Customs guard posts, employing a total of about 8,500 Customs officials.





Prohibited and Restricted Goods

Import-prohibited goods:

Restricted goods:

- (1) Stimulants, cannabis, MDMA, etc;
- (2) Goods which infringe patent right, utility model rights, design rights, trademark rights, layout designs rights, or plant breeder's rights; and
- (3) Goods which violate the Unfair Competition Prevention Act.

Export-prohibited goods:

- (1) Heroin, cocaine, MDMA, opium, cannabis, stimulants, psychotropic substances, and other narcotic drugs (excluding those designated by Ministry of Health, Labour and Welfare Ordinance);
- (2) Firearms (pistols, etc.), ammunition (bullets) thereof, and pistol parts;
- (3) Explosives (dynamite, gunpowder, etc.) ;
- (4) Precursor materials for chemical weapons;
- (5) Germs which are likely to be used for bio-terrorism;*to be enforced on the day designated by a relevant Cabinet Order
- (6) Counterfeit, altered, or imitation coins, paper money, bank notes, or securities, and forged credit cards;
- (7) Books, drawings, carvings, and any other article which may harm public safety or morals (obscene or immoral materials, e.g., pornography);
- (8) Child pornography;
- (9) Goods which infringe patent rights, utility model rights, design rights, trademark rights, copyrights, neighboring rights, layout designs rights, or plant breeder's rights; and
- (10) Goods which violate the Unfair Competition Prevention Act.

Export-prohibited goods:

- (1) Stimulants, cannabis, MDMA, etc;
- (2) Goods which infringe patent right, utility model rights, design rights, trademark rights, layout designs rights, or plant breeder's rights; and
- (3) Goods which violate the Unfair Competition Prevention Act.

Restricted goods:

- (1) Hunting guns, air guns, swords, etc.;
- (2) Endangered wild flora and fauna and products made from them (Convention on International Trade in Endangered Species of Wild Fauna and Flora [CITES]) (For instance, ivory, alligator handbags, and Chinese medicine that contains musk, etc.); and
- (3) Plants (fruit, cut flowers, vegetables, etc.) and animals (raw meat, dry meat, ham, Sausage, etc.)
Must be presented to the plant or animal quarantine officer for Quarantine inspection.



Customs Clearance

Under the Customs Law, any person who intends to export or import goods must submit a declaration to the Director-General of Customs. Customs checks the legitimacy of the export and/or import declarations and examines the goods, if required.

Steps of Customs Clearance

a. Declaration

- Any person who imports or exports goods must file a prescribed import or export declaration to Customs, together with an invoice and other related documents.
- Related documents (such as certificates of country of origin, etc.) are required for Customs to determine the amount of duty.
- Where the importation or exportation is subject to other laws or regulations, Certain other documents, such as licenses and certificates, must be submitted.
- At present, control is exercised on the importation and exportation of goods In accordance with about 40 domestic laws and regulations (see note).

(Note) Principal laws and regulations associated with the control of imports and exports include:

- Food Sanitation Law
 - Plant Quarantine Law
 - Domestic Animal Infectious Disease Control Law
 - Law Concerning the Screening of Chemical Substances and Regulation of Their Manufacture, Etc.
 - Pharmaceutical Affairs Law
 - Foreign Exchange and Foreign Trade Law, Export Trade
 - Control Ordinance, and Import Trade Control Ordinance
-
- In accordance with Customs clearance procedures for imports, Customs collects The Customs duty, consumption tax, and other taxes levied on these goods.
 - Control over the goods is stipulated in laws and regulations which govern the approval of imports and exports under the provisions of the Customs Law.
 - With respect to import declarations, a self-assessment system is used for Customs duty.
 - The import declaration form is also designed to serve as a declaration of payment of Customs duty and consumption tax, etc.

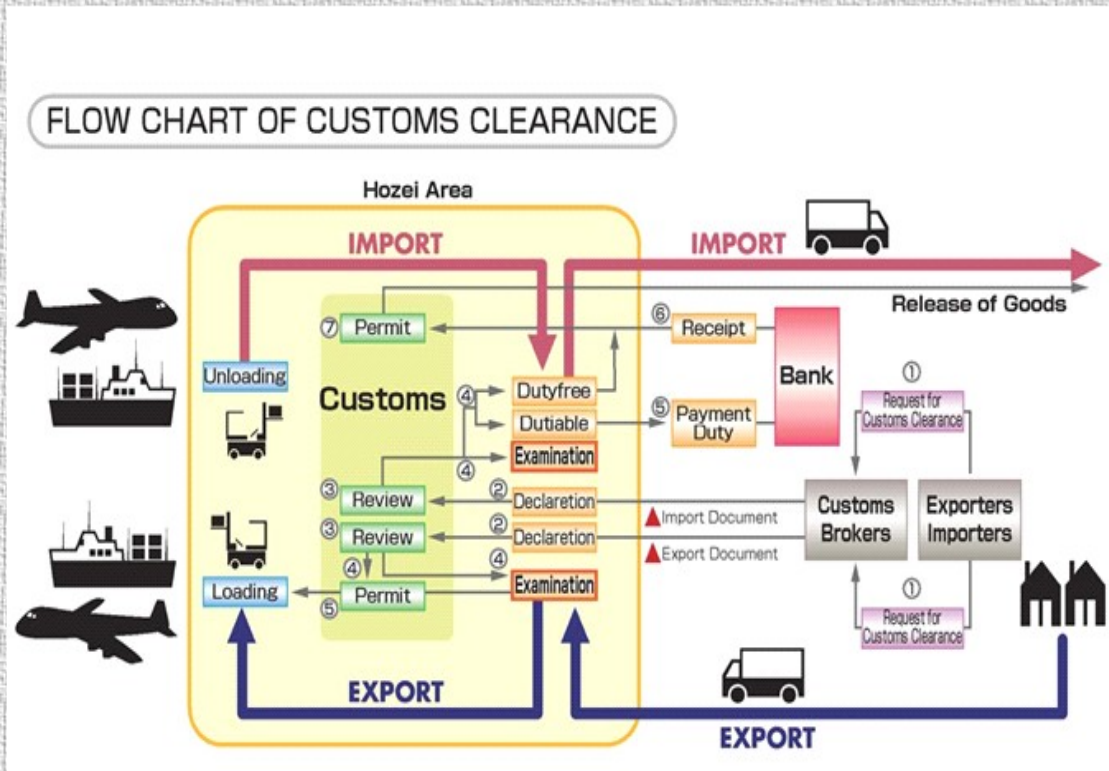


b. Checking and Examination

- Customs checks import/export declarations to ensure that formalities taken by the declaring for the import or export are legitimate (and, in the case of an import, that the duty and tax have been accurately computed).
- Customs carries out examination of the goods, if necessary.

c. Permission

- When the proper steps have been taken for importation or exportation, Customs authorizes the import or export and issues a permit.
- For imported goods, the prerequisites for a permit are that the Customs duty and the consumption tax, etc.
- have been paid, that the goods do not fall under categories subject to import/export prohibition, such as narcotics or guns, as specified in Article 69-2, and 69-11 of the Customs Law, and that no false indication has been made in regard to the country of origin.
- Goods may not be loaded on a vessel (or aircraft) or released from the Customs Area without a Customs permit.





Hozei System

- Hozei refers to the temporary suspension of the collection of taxes, such as Customs duties and consumption tax, on goods arriving from a foreign country (foreign goods).
- The foreign goods for import are held temporarily in a Customs area (bonded area) and examined by Customs.
- In principle, once the relevant taxes, such as Customs duties and consumption tax, are paid, the foreign goods can be imported.
- Depending upon the type of Customs area, the foreign goods can also be left in the Customs area for a certain period and products manufactured using the foreign goods as raw materials can be reshipped to a foreign country without paying Customs duties or consumption tax.
- In addition, the foreign goods can be displayed in a Customs area.
- For this reason, the Tokyo Motor Show and other international exhibitions are held in such Customs Display areas.

