

Commercial law of Japan



Commercial law of Japan

Japan's Ministry of Economy, Trade and Industry (METI) is organized into many bureaus and agencies to formulate and execute a wide range of economic, industry and trade policies, which are aimed at promoting Japan's international trade and investment, while fostering a conducive business environment for sustaining Japan's economic growth.

Trade Policy

METI's Trade Policy Bureau consists of divisions grouped by both geographical area as well as function, and is the bureau with primary responsibility of administering Japan's participation in multilateral institutions as well as bilateral trade relations with all of Japan's trading partners.

Import Licensing

Most goods do not require an import license and can be freely imported into Japan. Import licenses are required for certain goods, including hazardous materials, animals, plants, perishables, and in some cases articles of high value. Licenses are also required for products subject to import quotas, including certain fish products and controlled substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

Import Ban and Restrictions

Japan prohibits the import of certain items including narcotics, firearms, explosives, counterfeit currency, pornography, and products that violate intellectual property laws. In addition, Japan imposes restrictions on the sale or use of certain products including those related to health such as medical products, pharmaceuticals, agricultural products, and chemicals.

Some imported goods may have a negative effect on Japan industry, economy, and hygiene, or on public safety and morals. Such goods fall under "import restrictions" as provided by various domestic laws and regulations. Import permit or prior approval for these goods is required for inspection or other requisites.

Restricted items include but are not limited to certain agricultural and meat products, endangered species and products such as ivory, animal parts and fur whose international trade is banned by international treaty, and more than two months' supply of medicines for personal use and more than 24 items of cosmetics.

For these restricted products, Japanese Customs reviews and evaluates the product for import suitability before shipment to Japan. The use of certain chemicals and other additives in foods and cosmetics is severely regulated and follow a "positive list" approach. Under the ATA Carnet System, commercial and exhibition samples, professional equipment, can be admitted without paying duties in the country.

Customs Tariff and Taxes

Japan's tariff is on average one of the lowest in the world, approximately 2.5% for non-agricultural products.

Japan grants Most-Favored Nation (MFN) or preferential treatment to a country or territory that meets one or more of the following criteria:

- It is a Member of the WTO;
- It is covered by a provision of the Cabinet Order under Article 5 of the Customs Tariff Law;

- It has a bilateral treaty with Japan.

Japan is a signatory to the WTO Information Technology Agreement, which has agreed to eliminate tariffs on most of the information technology products.

In addition to customs duties, a consumption tax of 10% is levied on a wide range of goods and services. Additional taxes are levied on imported liquors and tobacco products.

Though tariffs are generally low, Japan has barriers that impede imports of alien products in the country, viz. technical standards unique to Japan, requirement of prior experience, regulations favoring local produced products, formal and informal cartels, etc.

Customs Requirements and Documents

A number of documents are required for customs clearance in Japan. An import (Customs duty payment) declaration form must be submitted to Japan Customs with the following documents:

- Invoice
- Bill of lading or Air Waybill
- The certificate of origin (where a WTO rate is applicable)
- Generalized System of Preferences, certificates of origin (Form A) (where a preferential rate is applicable)
- Packing lists, freight accounts, insurance certificates, etc. (where they are deemed necessary);
- Licenses, certificates, etc. required by laws and regulations other than the Customs Law (where the import of certain goods is restricted under such laws and regulations);
- Detailed statement on reductions of, or exemption from customs duty and excise tax (where such reduction or exemption is applicable to the goods);
- Customs duty payment slips (where the concerned goods are dutiable).

The commercial invoice should include names of the shipper and consignee and detail of each commodity in the shipment. The packing list should include the contents of each container, its gross and net weights in metric measurements.

Labelling and Marking Requirements

The Japanese Measurement Law requires that all imported products and shipping documents show metric weights and measures. Japanese law requires labels for textiles, electrical appliances and apparatus, plastic products and miscellaneous household and consumer goods. Generally labeling for most imported products is not required at the customs but at the point of sale. For most products country of origin labelling is not required, except some beverages and foods which do require labelling and marking of true information. False or misleading labels displaying names of countries or flags other than the country of origin, and/or names of manufacturers or designers outside the country of origin are not permissible.

Japanese laws requiring product certification and labelling are numerous.

Standards

Imported products are subject to product testing and cannot be sold in Japan without certification of compliance with prescribed standards, falling into two categories: technical regulations (or mandatory standards) and non-mandatory voluntary standards. Compliance with regulations and standards is also governed by a certification system in which inspection results determine whether or not approval (certification/quality mark) is granted.

It is important that a Japanese agent or partner be fully aware of the wide variety of legislation that could affect the sale of the product in Japan. Major laws stipulating standards that apply to products in Japan include the following: 1) Electrical Appliance and Material Safety Law; 2) Consumer Product Safety Law; 3) Food Sanitation Law; 4) Pharmaceutical Affairs Law; 5) Building Standard Law.

The Japan Industrial Standards Committee (JISC), administered by METI, plays a central role in the standards setting activities in Japan. As of March 2016, there are 24 JIS-accredited certification bodies in Japan and overseas. See the JISC for further details of the JIS Mark Certification Scheme.

The Japan Agricultural Standards (JAS) mark is another “voluntary” but widely used product quality and labelling mark. JAS applies to beverages, processed foods, forest products, agricultural commodities, livestock products, oils and fats, products of the fishing industry, and processed goods made from agricultural, forestry, and fishing industry raw materials.

Trade Agreements

Japan has concluded 18 free trade agreements (FTAs) and economic partnership agreements (EPAs) including those with Singapore, Malaysia, the Philippines, Thailand, Brunei, Indonesia, Vietnam, India, Mongolia, Mexico, Chile, Peru, Australia, Switzerland and EU. The Japan ASEAN EPA has been effective since 2008.

The Japan-led Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force on 30 December 2018 among the first six ratifying countries, namely Japan, Canada, Australia, Mexico, New Zealand and Singapore, and came into effect in Vietnam on 14 January 2019.

In October 2019, Japan and the US signed a bilateral trade deal, which is set to take effect on 1 January 2020. The agreement consists of tariff reductions on agricultural and industrial goods, as well as commitments on digital trade.

Japan is also negotiating FTA-EPAs with Colombia, Turkey, the regional FTA-EPAs with China-Korea, and the Regional Comprehensive Economic Partnership (RCEP, involving the 10 ASEAN member countries and the 6 countries that the bloc has FTAs, namely, China, Japan, Korea, India, Australia and New Zealand).

Japan is a member of APEC, which has established a goal of APEC-wide free trade and investment for developed economy members.

Sources

Hong-kong-economy-research.hktdc.com

