

Trade & Customs

Contributing editor
Gary N Horlick



2019

GETTING THE
DEAL THROUGH 

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Gary N Horlick

Law Offices of Gary N Horlick

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For further information please contact editorial@gettingthedealthrough.com

Publisher
Tom Barnes
tom.barnes@lbresearch.com

Subscriptions
James Spearing
subscriptions@gettingthedealthrough.com

Senior business development managers
Adam Sargent
adam.sargent@gettingthedealthrough.com

Dan White
dan.white@gettingthedealthrough.com



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Fax: +44 20 7229 6910

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Preface

Trade & Customs 2019

Seventh edition

Getting the Deal Through is delighted to publish the seventh edition of *Trade & Customs*, which is available in print, as an e-book, and online at www.gettingthedealthrough.com.

Getting the Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique **Getting the Deal Through** format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes a new chapter on Colombia and a new article on the World Trade Organization dispute against Russia.

Getting the Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.gettingthedealthrough.com.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Getting the Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editor, Gary N Horlick of Law Offices of Gary N Horlick, for his continued assistance with this volume.

GETTING THE
DEAL THROUGH 

London
July 2018

Japan

Yuko Nihonmatsu, Fumiko Oikawa and Mariko Sanno

Atsumi & Sakai

Overview

1 What is the main domestic legislation as regards trade remedies?

The main domestic legislation regarding trade remedies is:

- the Customs Tariff Act: <http://law.e-gov.go.jp/htmldata/M43/M43HO054.html> (Japanese only); and
- the Cabinet Order on Anti-Dumping Duties: <http://law.e-gov.go.jp/htmldata/H06/Ho6SE416.html> (Japanese only).

2 In general terms what is your country's attitude to international trade?

Japan became a signatory to the General Agreement on Tariffs and Trade (GATT) in September 1955. Under GATT, Japan gradually liberalised trade and reaped many benefits as a nation from trade liberalisation generally. This helped Japan achieve the transition from post-Second World War recovery to industrial development.

Since the 1990s, the network of free trade agreements (FTAs) around the world has grown significantly. Even in Japan, a nation that has been a staunch supporter of multilateral trade arrangements under GATT and WTO, calls for FTAs have increased, and in January 2001, Japan began negotiating an economic partnership agreement (EPA) with Singapore, which was concluded in November 2002, becoming Japan's first EPA. By June 2016, Japan had EPAs in place with 15 other countries.

Japan's EPAs tend to extend beyond customs duties and liberalisation of services to cover investment, government procurement, intellectual property rights, migration and the business environment, and are aimed at expanding both trade and investment between the countries, with the more comprehensive EPAs extending to topics not covered under WTO rules.

As of June 2016, Japan is negotiating EPA/FTAs with eight counterparties, including ASEAN, EU, South Korea and Canada, in addition to negotiating the TPP and RCEP multilateral agreements. As of June 2015, trade with countries with which Japan has a trade agreement in force or signed up made up 22.3 per cent of Japan's total trade; this rises to 84.6 per cent when including those countries with which Japan is currently negotiating EPAs.

Trade defence investigations

3 Which authority or authorities conduct trade defence investigations and impose trade remedies in your jurisdiction?

The Ministry of Finance (MoF) (www.mof.go.jp/english/index.htm) and the Ministry of Economy, Trade and Industry (METI) (www.meti.go.jp/english/index.html) are the authorities that conduct trade defence investigations and enforce the Customs Tariff Act in Japan.

4 What is the procedure for domestic industry to start a trade remedies case in your jurisdiction? Can the regulator start an investigation ex officio?

Those with interests in Japanese industry (a domestic producer of foreign goods in the same category as the goods under investigation, or a producer that produces at least 25 per cent of the total domestic production of those goods) can make a complaint to the Minister of Finance for

anti-dumping duties upon submission of the necessary documents with adequate evidence to establish the following facts:

- name and address or residence of the applicant;
- name, brand, product type and characteristics of the goods that have been dumped;
- name of the supplier of the dumped goods and the country of origin;
- background to the complainant's interests in industry in Japan;
- outline of the facts regarding the import of the dumped goods, and the effective damage, etc, that the imports have caused to the industry in Japan;
- if requesting that any of the matters provided in the documents submitted, or all or part of the evidence submitted, be handled in confidence, a statement to this effect, and the reasons for requesting the same;
- the state of support for duties from related producers, etc, or related labour unions; and
- other relevant matters.

The authority responsible for investigating the request will confirm that the necessary documents have been submitted that adequately evidence the above matters; once they are satisfied of this, they will begin investigating whether or not to act on the request. The confirmation usually takes around two months, and once an investigation starts it will generally be completed within one year after commencing investigations (and no more than 18 months).

In May 2016, the MoF and METI published guidelines for preparing the documents required when requesting anti-dumping duties: www.meti.go.jp/policy/external_economy/trade_control/boekikanri/download/trade-remedy/adgl_tebiki2.pdf (Japanese only), as well as examples of the way in which to prepare the documents: www.customs.go.jp/kaisei/sonota/adgl_annex1.pdf (Japanese only).

5 What is the procedure for foreign exporters to defend a trade remedies case in your jurisdiction?

Once a decision has been made to commence an investigation, the Minister of Finance will promptly notify directly interested parties (the importers, etc, of the goods under investigation) and the party or parties that requested the investigation in writing, providing the name of the goods to be investigated and the estimated term of the investigation etc, and will also announce this publicly in the Official Gazette. For a period specified by the MoF after the investigation starts, interested parties may make written representations to the Minister of Finance giving their opinions regarding the investigation.

The Minister of Finance will also notify directly interested parties in writing of important facts that form the basis of a final decision on whether to impose duties or the tariff rate to apply etc (reasons for a duty, dumping margin etc). In response, directly interested parties may make counter-arguments in writing within a designated period.

6 Are the WTO rules on trade remedies applied in national law?

Japan is a member of the WTO.

The Customs Tariff Act incorporates into Japanese laws the provisions of article 6 of the General Agreement on Tariffs and Trade (GATT) Agreement on Implementation of article VI of the General Agreement on Tariffs and Trade 1994 (the Anti-dumping Agreement).

7 What is the appeal procedure for an unfavourable trade remedies decision? Is appeal available for all decisions? How likely is an appeal to succeed?

A party subject to a dumping duty (ie, the importer) may appeal to the Minister of Finance within three months from the day after becoming aware of the unfavourable trade remedies. If the Minister's decision on the appeal is also unfavourable, the party may then take the matter to court to seek to have the trade remedies annulled etc, which must be done within six months from the day after becoming aware of the Minister's decision. If there are valid reasons for doing so, the process of appeal to the Minister may be bypassed, instead going straight to an appeal to the court. However, generally speaking, it is highly unlikely that a trade remedy decision could be overturned by such appeal or court litigation process.

8 How and when can an affected party seek a review of the duty or quota? What is the procedure and time frame for obtaining a refund of overcharged duties? Can interest be claimed?

Extension of the duty period

Anti-dumping duties can be imposed for a maximum of five years, but this may be extended if an interested party can submit evidence to the Minister of Finance (no later than one year before the end of the duty period) that adequately shows that actual damage would continue to be incurred, or would be incurred again, as a result of the importation of the designated goods to which the dumping duty applies or to Japanese industry as a result; the Minister of Finance will then investigate the claim and may extend the dumping duty period for a further period of up to five years.

Revision, etc, of the duty as a result of changed circumstances

Interested parties may make a request for the revision or abolition of a dumping duty not less than one year from the start of the designated period of duties with regard to designated goods, if it is accepted, upon submitting adequate evidence, that the circumstances have changed regarding (i) dumping of the designated goods, or (ii) the facts of the actual damages, etc, caused to the Japanese industry as a result of the importation of the designated goods. A determination of whether or not to revise or abolish the dumping duty generally takes no more than one year.

Refund of anti-dumping duties

If the amount of the anti-dumping duty paid by the importer of designated goods can be shown to be more than the actual amount of difference that arose through dumping of the designated goods, then the importer may request a refund of the dumping duty from the Japanese government upon presenting adequate evidence to support the request. Instigation of the request may result in either refunding the dumping duty up to the amount requested, or a rejection if there is insufficient reason for doing so.

9 What are the practical strategies for complying with an anti-dumping/countervailing/safeguard duty or quota?

To date, the Japanese government has only conducted seven anti-dumping investigations, six of which led to anti-dumping duties being imposed. This includes two that are currently under provisional measures and those for which the duty period has already been completed. In the past, Japan had been reticent about using anti-dumping duty measures, which might have placed Japanese businesses in a difficult position.

In recent years, there has been an increase in concern over export dumping conduct globally, as economic growth in developing countries has slowed and industries find themselves with overcapacity, and Japanese companies have begun to take measures to fight dumping. The Japanese government has streamlined the process for companies to petition for an anti-dumping investigation, simplified the way in which the investigations themselves are conducted, and taken other measures to improve the domestic anti-dumping system.

Customs duties

10 Where are normal customs duty rates for your jurisdiction listed? Is there an exemption for low-value shipments? If so, at what level? Is there a binding tariff information system or similar in place? Are there prior notification requirements for imports?

Based on the principle of no taxation without law, there are specific laws or treaties that stipulate six main different customs duty rates:

- general rate (Customs Tariff Act): a rate that is set from a long-term perspective based on the state of domestic industry, etc;
- temporary rate (Act on Temporary Measures concerning Customs): a provisional, flexible rate applied in special circumstances;
- generalised system of preferences (GSP) rate (Act on Temporary Measures concerning Customs): a rate that is applied to imported goods for which the country of origin is a developing country that has requested preferential tariffs and Japan has accepted this request (generalised system of preferences beneficiary);
- LDC preferences rate (Act on Temporary Measures concerning Customs): this is a rate that applies specifically to imported goods for which the country of origin is a preferential beneficiary and that is also an LDC, in which case the tax rate is zero. The LDC preferences rate (zero tax) will also apply in the case of the importation of general preferential goods originating from an LDC;
- WTO treaty tariff rate: this is a rate that is agreed (binding rate) as the maximum duty applicable to imported goods originating from a WTO member country. It also applies to countries with beneficial customs duty treatment, or countries with most-favoured nation status under bilateral treaties; and
- EPA tariff rate: this is a rate that is set out in specific EPAs between Japan and certain other countries. Certain duties are reduced or eliminated for goods originating from such countries according to a schedule in the relevant EPA.

The rates described in the list above are set out in the Customs Tariff Act or other related laws and treaties based on the International Convention on the Harmonised Commodity Description and Coding System (HS Treaty), and the customs tariff schedule can be found on the Customs website: www.customs.go.jp/english/tariff/index.htm.

Goods with a total customs value of ¥10,000 or less per parcel or customs declaration are exempted from customs duty and consumption tax, save that:

- alcoholic beverages and tobacco (of whatever value) are subject both to consumption tax and to liquor tax and tobacco tax, respectively; and
- the exemptions do not apply to goods such as leather bags, leather shoes and knitted apparel, as they are considered inappropriate from the viewpoint of their impact on domestic industries or other circumstances.

General import freight and international parcels with a total customs value of not more than ¥200,000 are subject to simplified tariffs, which sometimes leads to the application of customs rates lower than the general customs rates. For example, cheese subject to simplified tariffs has a customs rate of 5 per cent, although the general customs rates for cheese are in the range of 22.4-40 per cent.

An importer may make an enquiry with Customs about the tariff classification (tariff code) and the tariff rate which would be applied to products that the importer is planning to import, and obtain a written ruling in response, before commencing the importation (Advance Classification Ruling System). The tariff classification, tariff rate and statistical code listed on this Advance Classification Ruling System are then applied to the import declaration.

11 Where are special tariff rates, such as under free trade agreements or preferential tariffs, and countries that are given preference listed?

All tariff rates are set forth in the customs tariff schedule on the website listed above.

Countries that are given preference under EPAs are listed at: www.customs.go.jp/tokyo/zei/origin/flow/step01.htm.

GSP beneficiaries (countries and territories) are listed at: www.customs.go.jp/english/c-answer_e/imtsukan/1504_e.htm.

12 How can GSP treatment for a product be obtained or removed?

In order to receive preferential tariff treatment, it is necessary for an importer to submit a certificate of origin, the GSP (Form A), at the time of import declaration in principle. This certificate must be issued, at the time of exportation, by customs authorities or any other officially authorised body, such as a chamber of commerce and industry in the country of origin, based on the declaration made by the exporter. The goods must be imported directly to Japan for preferential tariff treatment in principle.

There is also a system whereby preferential tariffs are no longer available for products that originate from preferential treatment beneficiary countries or regions once the country's or region's economy has developed or achieved a high level of global competitiveness.

Entire graduation

A country or region is excluded from the list of beneficiaries of Japan's GSP scheme for all items when the country or region has been continuously classified as a 'high-income country' in the World Bank Statistics, published by the International Bank for Reconstruction and Development, for three years up to the previous year.

Due to an amendment of the Act on Temporary Measures concerning Customs in 2017, the standards of exclusion from the preferential treatment above require the country or region to fulfil both (i) being classified continuously in the World Bank Statistics as an 'upper-middle-income country' for three years; and (ii) that the value of exports of the country is no less than 1 per cent of the total value of worldwide exports. The new standards will be implemented from April 2019.

Partial graduation

Products originating from a beneficiary country or region are excluded from preferential treatment when (i) the beneficiary is classified as a 'high-income economy' in the World Bank Statistics of the previous year, and (ii) the value of Japan's imports of the product originating from the beneficiary exceeds ¥1 billion and 25 per cent of the total value of Japan's worldwide imports of the product in the trade statistics of two years ago. The standards of a subject country to (i) above require the country to be classified as an 'upper-middle-income country' in the World Bank Statistics, as well as the value of exports being no less than 1 per cent of the total value of worldwide exports, due to the amendment of the Act in 2017 in accordance with the standards of entire graduation. The new standards for subject countries have been implemented from April 2018.

There are also certain countries or certain products originating from the beneficiary countries or regions that are excluded from preferential treatment when certain conditions are met.

13 Is there a duty suspension regime in place? How can duty suspension be obtained?

Currently, there is no formal duty suspension regime in Japan.

Japan does have a tariff quota system under which a specified quota of certain products may be imported without tariffs or with low tariffs (primary tariff rate) to meet domestic demand for low-priced imported products, but once this quota is met, a relatively high tariff (secondary tariff rate) is applied to further imports in order to protect domestic producers. This tariff quota system differs from the duty suspension regime in that there is a limit to the number of imported goods.

14 Where can customs decisions be challenged in your jurisdiction? What are the procedures?

Any person who is not satisfied with a disposition taken by the Director-General of Customs under the Customs Act or other related laws and regulations may file a protest within three months from the day following the day of the receipt by the petitioner of the notification of a disposition (request for reinvestigation). For a request for reinvestigation, the Director-General of Customs reviews the validity of the disposition and notifies the petitioner of the result with a copy of the decision letter.

If the petitioner is still not satisfied with the decision in response to a request for reinvestigation, it may file an appeal with the Minister of Finance within one month from the day following the day of the delivery of the decision letter. In addition, instead of requesting an investigation, any person who is not satisfied with a disposition taken by the Director-General of Customs may also directly file an appeal to the

Minister of Finance within three months from the day following the day of the receipt by the petitioner of the notification of a disposition. These procedures are called a 'request for review'. In a request for review, the Minister of Finance reviews and examines the validity of the disposition and notifies the petitioner of the result with a copy of the written verdict.

If the petitioner is still not satisfied with the decision made by the Ministry of Finance it may file an appeal to the court within, in principle, six months from the day of the receipt of the written verdict.

Trade barriers

15 What government office handles complaints from domestic exporters against foreign trade barriers at the WTO or under other agreements?

The government offices that handle complaints from domestic exporters against foreign trade barriers at the WTO or under other agreements are METI, the MoF and other ministries responsible for the specific industry in Japan.

In particular, METI publishes a 'Report on Compliance by Major Trading Partners with Trade Agreements - WTO, FTA/EPA and IIA' and 'METI Priorities Based on the Report', for the purpose of improving compliance among major trading partners whose trade policies and trade measures might not be consistent with the international rules of the WTO, etc. The Multilateral Trade System Department and Office for WTO Compliance and Dispute Settlement, Trade Policy Bureau within METI has a webpage dedicated to dealing with enquiries regarding trade policies and measures of foreign countries that are faced by companies and business operators. This office will consider whether the foreign government's measures are consistent with WTO and other international rules and provide advice, including, in some circumstances, assisting with the launch of WTO dispute settlement procedures.

16 What is the procedure for filing a complaint against a foreign trade barrier?

The Japanese government takes the approach of using the WTO and other international trade rules to settle disputes regarding international economic issues. When a company, export cooperative or other interested party is faced with a foreign trade barrier and brings the matter to the attention of the ministry responsible for that particular industry, the ministry will interview the interested parties to ascertain the facts. If necessary, the ministry will collaborate with METI and other relevant ministries to handle the matter consistently from the Japanese government's perspective, which can include requesting discussions with the relevant foreign government, and failing a satisfactory outcome through such negotiations, filing a complaint through dispute resolution procedures under the WTO or the relevant EPA.

17 What will the authority consider when deciding whether to begin an investigation?

When a company, export cooperative or other interested party is faced with a foreign trade barrier and brings the matter to the attention of METI, the MoF and other Japanese ministries responsible, the Japanese government will look at the evidence provided and decide whether to begin an investigation based on whether the foreign government's actions are in violation of WTO or other international rules.

18 What measures outside the WTO may the authority unilaterally take against a foreign trade barrier?

Japan also uses international trade rules outside the WTO to resolve disputes relating to international economic matters.

If the relevant government authority determines that there is a foreign trade barrier that is against an international trade rule, the Japanese government will conduct bilateral negotiations with the other country and take other appropriate measures, such as investor-state arbitration (where a bilateral investment treaty or BIT exists) and other EPA/BIT dispute settlement processes.

19 What support does the government expect from the private sector to bring a WTO case?

If an industry wishes to bring a WTO case, it must discuss the case with the relevant government authority in detail. As a part of this

consultation process, the industry would be required, at its own cost, to collect data, conduct research and provide necessary information in order to enable the authority to determine whether or not to begin an investigation and bring a WTO case.

20 What notable trade barriers other than retaliatory measures does your country impose on imports?

Under the Customs Act, any person wishing to import goods must declare them to Customs, obtain an import permit and make payment of customs duty and excise taxes after necessary examination of goods (Import Declaration).

The Customs Act prohibits the importation of the following goods:

- heroin, cocaine, MDMA, opium, cannabis, stimulants, psychotropic substances and other narcotic drugs (excluding those designated by Ministry of Health, Labour and Welfare Ordinance);
- firearms (pistols, etc), ammunition (bullets) thereof and pistol parts;
- explosives (dynamite, gunpowder, etc);
- precursor materials for chemical weapons;
- germs that are likely to be used for bio-terrorism;
- counterfeit, altered or imitation coins, paper money, banknotes or securities, and forged credit cards;
- books, drawings, carvings and any other goods which may harm public safety or morals (obscene or immoral materials, eg, pornography);
- child pornography;
- goods which infringe upon intellectual property rights; and
- goods which constitute the unfair competition under the Unfair Competition Prevention Law.

In addition, with respect to import cargoes that have an adverse impact on the economy, industries, sanitation, health, public safety or public morals, etc, in Japan, the Foreign Exchange and Foreign Trade Act and other laws and regulations control the import of those cargoes by requiring permits, approvals, etc, or inspections by administrative agencies or satisfaction of other conditions on the import of cargoes. For example, imported plants are required to go through plant quarantine, and the importation of certain plants from specific areas, harmful plants and animals such as insects, mites or bacteria, and soil and plants to which soil is attached is banned unless permission is obtained for use in testing and research etc (Plant Protection Act). Also, in order to prevent invasion of domestic animal infectious diseases from overseas, imports of cloven-hoofed animals such as cattle, pigs and sheep, equine animals and fowl are banned unless a certificate of import quarantine is obtained upon inspection by the Animal Quarantine Service of the Ministry of Agriculture, Forestry and Fisheries or a permit is obtained from the Minister of Agriculture, Forestry and Fisheries (Act on Domestic Animal Infectious Diseases Control).

To import endangered animals and plants subject to restrictions under the Convention of International Trade in Endangered Species of Wild Fauna and Flora (Convention), it is necessary to obtain an export permit issued by the government authority as stipulated by the Convention, as well as an import licence issued by the Ministry of Economy, Trade and Industry.

Export controls

21 What general controls are imposed on exports?

With regard to exports from Japan, an export declaration, inspection and permit are required under the Customs Act. An export declaration requires submission of an export declaration in a prescribed form, an invoice, a package list and other documents. When an exporter wishes to export cargo (or technology; hereinafter the same) that requires a permit or approval under laws or regulations other than the Customs Act, the exporter must be able to prove to customs that these requirements have been met.

22 Which authorities handle the controls?

The Customs and Tariff Bureau of the MoF handles export customs clearance procedures, although permits and approvals for export of certain cargo are governed by other government agencies pursuant to the laws and regulations that require such permits and approvals. The most important of these is the Foreign Exchange and Foreign Trade Act

Update and trends

Overview

The multilateral trade agreements that Japan is currently negotiating are the Trans-Pacific Partnership Agreement (the TPP Agreement) and a Japan-EU Economic Partnership Agreement (EPA).

TPP Agreement

The TPP Agreement is a trade agreement that was initially being negotiated among 12 countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. The TPP Agreement is an ambitious agreement billed as a high-level, comprehensive and balanced treaty. Negotiations of the terms of the TPP Agreement were basically concluded in October 2015, but the United States declared its withdrawal from the TPP Agreement in January 2017. In May 2017, the 11 countries, excluding the United States, began negotiations on an agreement as a legal framework to realise the contents of the TPP Agreement, and following that, final agreement was reached. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (the CPTPP) was signed by the 11 countries on 8 March 2018. The said Agreement, except for some clauses, is an agreement to realise the contents of the TPP Agreement and maintains the high standards of the TPP Agreement. Cooperation is being promoted in the 11 countries aiming for the early entry into force of the CPTPP.

Japan-EU EPA

Since March 2013, Japan had been negotiating with the EU on an EPA, and in December 2017, the parties reached agreement in each field except for a settlement system for investment disputes. The Japan-EU EPA will contribute to economic growth, including the creation of jobs and strengthening the competitiveness of companies by promoting trade and investment through the abolition of tariffs and the development of investment rules etc. Japan and the EU will finalise and sign the agreement in 2018, aiming for its entry into force before spring of 2019.

(Foreign Exchange Act), and METI is the government agency responsible for permits and approvals for export of cargo under the Foreign Exchange Act.

23 Are separate controls imposed on specific products? Is a licence required to export such products?

For security purposes, the Foreign Exchange Act controls the export of certain cargo using two methods, namely list control and catch-all control.

Specific cargo subject to export controls is designated in the Export Trade Control Order (Export Order) and the Foreign Exchange Order. List control requires exporters to obtain an export permit from METI if their export cargo is on the control list and have the specifications set out in the Ordinance of the Ministry Specifying Goods and Technologies Pursuant to Provisions of the Appended Table 1 of the Export Control Order and the Appended Table of the Foreign Exchange Order. Based on international export control regimes, the said list includes arms and other dual-use equipment that may be used for the development of weapons of mass destruction.

Catch-all control is a system whereby exporters must obtain a permit from METI for their export cargo other than those included in the control list (excluding food and timbers etc) if notified by METI to apply for an export permit (inform requirement) or if it is judged, based on expected usage and the end user, that such cargo might be used for the development of weapons of mass destruction.

24 Has your jurisdiction implemented the WCO's SAFE Framework of Standards? Does it have an AEO programme or similar?

In order to implement the WCO's SAFE Framework of Standards, Japan amended the Customs Tariff Act and relevant laws in 2012 to introduce the advance filing rules, which require shipping companies to submit information electronically to customs for maritime container cargo to be loaded on a vessel bound for a port in Japan, in principle, at least 24 hours before departure of the vessel from the port of loading. In addition, the Customs and Tariff Bureau of the MoF implemented the

authorised economic operator (AEO) programme, a system conforming with international standards. Under this programme, companies that have well-organised cargo security management and compliance systems are given the benefit of simple and reduced customs clearance procedures. Currently, Japan has signed mutual recognition of this AEO programme with seven other countries.

25 Where is information on countries subject to export controls listed?

The catch-all control described in question 23 only applies to exports shipped to certain regions, and the Export Order exempts certain countries ('white countries') from catch-all control. Also, some of the catch-all controls provide for various cases where prior permits are required for cargo exported to countries and regions subject to a UN arms embargo, as listed in the Export Order: www.meti.go.jp/policy/anpo/securityexportcontrol3.html.

For the purpose of national security and international cooperation etc, the Foreign Exchange Act requires exporters to obtain approval from METI for the export of cargos to certain regions. The destinations subject to this requirement are listed in the Export Order.

26 Does your jurisdiction have a scheme restricting or banning exports to named persons and institutions abroad?

METI publishes an 'End User List', which lists foreign companies and organisations believed to be involved in the development of weapons of mass destruction etc. The End User List is not an embargo list, though export to companies and organisations on the list requires a permit from METI unless it is clear that the export cargo is not to be used for the development of weapons of mass destruction based on the way in which the cargo will be used, the way in which the cargo is traded, the terms of the transaction and other factors.

The End User List (as of 29 March 2016) can be found at: www.meti.go.jp/policy/anpo/law_document/tutatu/kaisei/20160329_3.pdf.

27 What are the possible penalties for violation of export controls?

Customs Act

- Ten years of imprisonment with labour or a fine of not more than ¥30 million, or both;
- forfeiture of the embargoed goods and unpermitted export goods; and
- dual liability also applies.

Foreign Exchange Act

- Ten years of imprisonment with labour or a fine of not more than ¥10 million, or both, provided, however, that if the price of the subject of the violation, when multiplied by five, exceeds ¥10 million, the fine shall be not more than five times of that price;
- administrative sanction for banned export of cargos for a maximum of three years; and
- dual liability also applies.

Financial and other sanctions and trade embargoes

28 What government offices impose sanctions and embargoes?

The MoF and METI have the authority to implement economic sanctions if (i) they are deemed necessary in order to perform international agreements, (ii) they are deemed especially necessary for Japan to contribute to international efforts for world peace, or (iii) a cabinet decision is made to take countermeasures deemed necessary to maintain the peace and safety of Japan.

29 What countries are currently the subject of sanctions or embargoes by your country?

Currently, comprehensive economic sanctions are in force in respect of North Korea, and partial economic sanctions are in force in respect of Iran, Libya, Syria, Somalia and Eritrea.

Details are at: www.meti.go.jp/policy/external_economy/trade_control/01_seido/04_seisai/seisai_top.html (Japanese only).

30 Are individuals or specific companies subject to financial sanctions?

Yes. See 'List of economic sanctions and individuals/activities subject thereto' (as of 20 May 2016), www.mof.go.jp/international_policy/gaitame_kawase/gaitame/economic_sanctions/list.html (Japanese only).

Miscellaneous

31 Describe any trade remedy measures, import or export controls not covered above that are particular to your jurisdiction.

Not applicable.



Atsumi & Sakai

Yuko Nihonmatsu
Fumiko Oikawa
Mariko Sanno

yuko.nihonmatsu@aplaw.jp
fumiko.oikawa@aplaw.jp
mariko.sanno@aplaw.jp

Fukoku Seimei Building
2-2-2 Uchisaiwaicho, Chiyoda-ku
Tokyo 100-0011
Japan

Tel: +81 3 5501 2111
Fax: +81 3 5501 2211
www.aplaw.jp/en/

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