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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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On average, the applied tariff rate in Japan is one of the lowest in the world. In addition, import duties on many agricultural items continue to decrease, and tariffs in many major sectors, such as autos and auto parts, software, computers, and industrial machinery are zero. However, certain products including leather goods, certain processed foods and some manufactured goods have relatively high tariff rates. While Japan's import tariffs are generally low overall, the nation's average agricultural import tariff (roughly 17%) is among the world's highest for industrialized countries. By comparison, the average agricultural import tariff is 9.7 percent in the United States and 16.3 percent in the European Union. Japan's harmonized tariff schedule is available through the website of Japan Customs (<http://www.customs.go.jp/english/index.htm>) or through the APEC Tariff Database: www.apectariff.org/.

The Customs and Tariff Bureau of Japan's Ministry of Finance administers tariffs. As a member of the Harmonized System Convention, Japan shares the same trade classification system as the United States (limited to six-digit code). Japan's tariff schedule has four columns of applicable rates: general, WTO, preferential, and temporary. Goods from the United States are charged WTO rates unless a lesser "temporary" rate exists. Japan's preferential system of tariffs grants lower or duty-free rates to products imported from developing countries.

A simplified tariff system for low-value imported freight valued at less than 100,000 yen, such as small packages for personal imports, simplifies determination of tariff rates. This system also eliminates the extra time necessary to classify the product and its precise value, and thereby minimizes customs brokers' handling charges. Importers can choose either the normal rate or the simple tariff, which could be higher or lower. Japan Customs can provide advance rulings on tariff classification and duty rates. A summary of Japan's customs procedures, including its customs valuation system, import procedures, temporary admission procedures, refunds and duty drawback payments, as well as relevant customs forms can be found on the Japan Customs website noted above. (See also [Customs Contact Information](#).)

While tariffs are generally low, Japan does have non-tariff barriers that impede or delay the importation of foreign products into Japan. Although competition, U.S. and other foreign government pressure, as well as other factors have lessened the impact of these impediments, U.S. companies may still encounter non-tariff barriers such as the following:

- standards unique to Japan (formal, informal, *de facto*, or otherwise);
- a requirement for companies to demonstrate prior experience in Japan, effectively shutting out new entrants in the market;
- official regulations that favor domestically-produced products and discriminate against foreign products;
- licensing powers in the hands of industry associations with limited membership, strong market influence, and the ability to control information and operate without oversight;
- cross stock holding and interconnection of business interests among Japanese companies that disadvantages suppliers outside the business group;
- cartels (both formal and informal) and;
- the cultural importance of personal relationships in Japan and the reluctance to break or modify business relationships.

The tools available to overcome these non-tariff barriers depend on the industry, the product or service's competitiveness, and the creativity and determination of the firm's management. In addition, it is important to note that these non-tariff barriers exist in a highly competitive market — Japan is a large and sophisticated market, and the competition can be fierce. A fair number of companies have benefited or failed simply as a result of timing and general economic conditions.

Import Requirements and Documentation

Japan assesses tariff duties on the CIF value at *ad valorem* or specific rates, and in a few cases, charges a combination of both. Japan's Ministry of Finance maintains a website at <http://www.customs.go.jp/english/index.htm> that describes import clearance and customs procedures, and provides contact information and other detailed information in English. (See also [Customs Contact Information](#).)

Japanese customs regulations can be cumbersome, difficult to understand, and duplicative, but they are largely mechanical. Nearly all customs difficulties result from first time applications. Japanese customs officials are generally helpful when it comes to explaining procedures and regulations, and once these are understood and followed, difficulties are usually minimal. It may be necessary to employ an import agent or customs broker to help facilitate customs entry. See Chapter 3 for *Using an Agent or Distributor* for more information.

Japan prohibits the importation 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. For these products, Japanese Customs reviews and evaluates the product for import suitability before shipment to Japan. See the section below for additional information on prohibited and restricted imports.

Certain items may require a Japanese import license. These include hazardous materials, animals, plants, perishables, and in some cases articles of high value. Import quota items also require an import license, usually valid for four months from the date of issuance. Other necessary documents for U.S. Exporters may include an Import Declaration Form (Customs Form C-5020) and a certificate of origin if the goods are entitled to favorable duty treatment determined by preferential or WTO rates. In practice, shipments from the United States are routinely assessed using WTO or "temporary" rates without a certificate of origin. Any additional documents necessary as proof of compliance with relevant Japanese laws, standards, and regulations at the time of import may also apply.

Documents required for customs clearance in Japan include standard shipping documents such as a commercial invoice, packing list, and an original and signed bill of lading, or, if shipped by air, an air waybill. Air shipments of values greater than ¥100,000 must also include a commercial invoice. The commercial invoice should be as descriptive as possible on each item in the shipment. The packing list should include the exact contents of each container, the gross and net weights of each package, and all container measurements using metric sizes.

U.S. Export Controls

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As an active member of the Wassenaar Arrangement as well as various other international export control regimes, Japan has the benefit of the least restrictive treatment under U.S. export control law. In response to the threat from global terrorism, the Japanese government has implemented "catch-all" controls to prevent Japanese firms from exporting goods and technologies that could be related to the development of weapons of mass destruction. In APEC, Japan has a leading role in regional export control with its Asian trading partners. At the same time, however, Japanese firms are engaged in business activities with countries against which the United States currently has embargoes. As such, U.S. exporters are encouraged to conduct thorough research and background checks pertaining to any potential sale of controlled or sensitive items, in particular for transactions that may involve possible transshipment or re-export through Japan.

For the latest in U.S. export and re-export control regulations, contact the Department of Commerce Bureau of Industry and Security (BIS) at www.bis.doc.gov/.

For the latest in defense trade controls information, contact the Department of State Directorate of Defense Trade Controls at www.pmdtc.state.gov/.

For current U.S. embargo information, contact the Department of Treasury Office of Foreign Assets Control at www.treas.gov/offices/enforcement/ofac/.

Temporary Entry

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Japan is a member of the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials under the ATA Carnet System. Use of a *carnet* allows goods such as commercial and exhibition samples, professional equipment, musical instruments, and television cameras to be carried or sent temporarily into a foreign country without paying duties or posting bonds. A *carnet* should be arranged in advance by contacting a local office of the United States Council for International Business (www.uscib.org/) or its New York office by phone (212-354-4480) or by e-mail (info@uscib.org).

Advertising materials, including brochures, films, and photographs, may enter Japan duty free. Articles intended for display - but not for sale - at trade fairs and similar events are also permitted to enter duty free but only when the fair or event is held at a bonded exhibition site. After the event, these bonded articles must be re-exported or stored at a bonded facility. A commercial invoice for these goods should be marked "no commercial value, customs purposes only" and "these goods are for exhibition and are to be returned after conclusion of the exhibition." It is also important to identify the trade show or exhibition site, including exhibition booth number (if known), on shipping documents.

Labeling and Marking Requirements

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Correct packing, marking, and labeling are critical to smooth customs clearance in Japan. Straw packing materials are prohibited. As noted above, the Japanese Measurement Law requires that all imported products and shipping documents show metric weights and measures. For most products there is no requirement for country of origin labeling, though some categories such as beverages and foods do require such labeling. If labels indicating origin are later determined to be false or misleading, the labels must be removed or corrected. False or misleading labels which display the names of countries, regions or flags other than the country of origin, and/or names of manufacturers or designers outside the country of origin are not permissible.

Japanese law requires labels for products in four categories: textiles, electrical appliances and apparatus, plastic products and miscellaneous household and consumer goods. Because the relevant regulations apply specifically to individual products, it's important for U.S. exporters to work with a prospective agent or importer to ensure the exporter's product meets applicable requirements. Generally, most labeling laws are not required at the customs clearance stage, but at the point of sale. Consequently, it is most common for Japanese importers to affix a label before or after clearing customs.

Prohibited and Restricted Imports

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Japan strictly prohibits entry of narcotics and related utensils, firearms, firearm parts and ammunition, explosives and gunpowder, counterfeit goods or imitation coins or currency, obscene materials, or goods that violate intellectual property rights. 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. For more information on prohibited goods, see Japan Customs: <http://www.customs.go.jp/english/summary/prohibit.htm>

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. For these 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.

Regarding importation of products for personal use, Japan restricts more than two months’ supply of medicines or more than 24 units of similar cosmetic products.

For more information on prohibited and restricted imports visit the Q&A section on the Japan Customs web site: <http://www.customs.go.jp/english/index.htm>

Customs Regulations and Contact Information

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Japan Customs: <http://www.customs.go.jp/english/index.htm>

For Inquiries on Japan’s Customs Procedures: http://www.customs.go.jp/question_e.htm

Customs Counselors System in Japan, Tokyo Headquarters

Phone: +81/3/3529-0700

http://www.customs.go.jp/zeikan/seido/telephone_e.htm

Japan Tariff Association

Komine Bldg.3fl., 3-11-11, Nihonbashi-honcho, Chuo-ku, Tokyo 103-0023

Phone: + 81/3/5614-8871; fax: + 81/3/5614-8873

<http://www.kanzei.or.jp/english/>

Standards

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Overview

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Many domestic and imported products alike are subject to product testing and cannot be sold in Japan without certification of compliance with prescribed standards. Knowledge of, and adherence to, these standards and their testing procedures can be the key to making or breaking a sale.

Product requirements in Japan fall 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. Approval is generally required to sell a product or even display it at a trade show; unapproved medical equipment may be displayed if accompanied by a sign indicating that the product is not yet approved for sale. To affix a mandatory quality mark or a voluntary quality mark requires prior product type approval and possibly factory inspections for quality control assessment. Regulated products must bear the appropriate mandatory mark when shipped to Japan in order to clear Japanese Customs. Regulations may apply not only to the product itself, but also to packaging, marking or labeling requirements, testing, transportation and storage, and installation. Compliance with "voluntary" standards and obtaining "voluntary" marks of approval can greatly enhance a product's sales potential and help win Japanese consumer acceptance.

There are two ongoing trends in Japan regarding standards. One is a move toward reform of such standards, and the other is a move toward harmonizing them with prevailing international standards. While reform is underway, a long list of laws containing mandatory standards remain on the books and most have not been translated into English. Therefore, 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 exported product in Japan. Major laws stipulating standards that apply to products in Japan include the following:

- Electrical Appliance and Material Control Law
- Consumer Product Safety Law
- Gas Utility Industry Law
- Food Sanitation Law
- Pharmaceutical Affairs Law
- Road Vehicles Law
- Building Standards Law

Standards Organizations

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The Japan Industrial Standards Committee (JISC) plays a central role in standards activities in Japan (www.jisc.go.jp/eng/index.html). Its mission consists of four elements: 1) establishment and maintenance of Japan Industrial Standards (JIS); 2) administration of accreditation and certification; 3) participation in international standards activities, and 4) development of measurement standards and technical infrastructure for standardization. JISC publishes plans each month for the preparation of new and revised JIS drafts on its website at www.jisc.go.jp/eng/jis-act/drafts-preparation.html.

Existing JIS standards are reviewed and revised every 5 years. Once a new or revised draft JIS standard has been prepared, JISC posts these draft standards for a sixty-day public comment period. The JISC website also provides information regarding how foreign entities may participate in the JIS drafting process. A list of newly published JIS standards can be found on the website of the Japan Standards Association: http://www.jsa.or.jp/default_english.asp

The "voluntary" JIS mark, administered by the Ministry of Economy, Trade and Industry (METI), applies to nearly 600 different industrial products and consists of over 8,500 standards. Adherence to JIS is also an important determinant for companies competing on bids in the Japanese government procurement process. Products that comply with these standards will be given preferential treatment in procurement decisions under

Japan's Industrial Standardization Law. JIS covers industrial and mineral products with the exception of 1) medicines, 2) agricultural chemicals, 3) chemical fertilizers, 4) silk yarn, and 5) foodstuffs, agricultural and forest products designated under the Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products.

With the revision of the Industrial Standardization Law in October 2005, the Japanese Industrial Standards (JIS) was renewed and a new scheme will be fully implemented by September 2008. Under the new JIS mark scheme, product certification bodies accredited by the METI conduct a series of tests to verify compliance of products with JIS and audit the quality management system of facilities at which the products are manufactured. Any products manufactured a factory that successfully passes such an audit will be authorized to affix the JIS mark.

The Japan Agricultural Standards (JAS) mark is another "voluntary" but widely used product quality and labeling 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. Specific JAS marks exist for various types of plywood, paneling, flooring boards, lumber, and timber. The JAS marking system is administered by Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF). Japan's Ministry of Health, Labor and Welfare (MHLW) administers separate mandatory standards for quality labeling of processed foods and beverages.

National Institute of Standards and Technology "Notify U.S. Service:" Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet: <http://www.nist.gov/notifyus/>

Conformity Assessment

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The Japan Accreditation System for Product Certification Bodies of JIS Mark (JASC) is an accreditation program defined by the Japanese Industrial Standards (JIS) Law, and operated by the JASC office in METI. JASC accredits product certification bodies in the private sector and allows them to certify companies so that they may place the JIS Mark on their products. A list of Japanese and foreign organizations accredited by JASC as "JIS mark" certification bodies is available on the JISC website at <http://www.jisc.go.jp/eng/jis-mark/acc-insp-body.html>. This list provides contact information as well as the JIS field of certification for these testing organizations.

The two major non-governmental accreditation bodies in Japan are the Incorporated Administrative Agency (IAJapan—within the quasi-governmental National Institute of Technology and Evaluation) and the Japan Accreditation Board for Conformity Assessment (JAB). IAJapan operates several accreditation programs including the Japan National Laboratory Accreditation System (JNLA) and the Japan Calibration Service System (JCSS). IAJapan's website (www.nite.go.jp/asse/iajapan/en/index.html) provides lists of laboratories accredited under its programs, and laboratories accredited by JAB can be found at <http://www.jab.or.jp/english/index.html>.

A limited number of testing laboratories in the United States not listed on the websites noted above have also been designated by various Japanese government agencies to test and approve U.S. products for compliance with Japanese mandatory certification systems and laws. Products not covered by these arrangements must be tested and approved by Japanese testing labs before these products can be sold in Japan.

Conformity assessment bodies recognized by Japan for electrical appliances can be viewed on the METI website:

<http://www.meti.go.jp/english/policy/denan/procedure/07.htm>.

For additional information on third-party conformity assessment for electrical products in Japan, visit: <http://www.meti.go.jp/english/policy/denan/procedure/index.htm>

The Japan External Trade Organization (JETRO) has additional information on product specific standards and regulations: <http://www.jetro.go.jp/en/market/regulations/>

Product Certification

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Accreditation

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Publication of Technical Regulations

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Each Japanese ministry posts draft regulations for public comment on their respective websites. These draft regulations can also be found in a consolidated list, available in Japanese on the e-Gov web portal (search.e-gov.go.jp/servlet/Public). The website was designed to help facilitate public participation in Japan's regulatory process by improving the public's ability to find, view, and comment on regulatory actions.

It should be noted that although U.S. entities may submit comments on draft regulations, the amount of time given for submissions varies widely and all comments must be submitted in Japanese. To assist U.S. entities that wish to participate in the Japanese regulatory process, Commercial Service staff at the U.S. Embassy in Tokyo prepare a weekly summary translation in English of selected public comment announcements by Japanese government agencies. This translation is available at <http://www.buyusa.gov/japan/en/mac.html>

Finalized technical regulations and standards are published in Japan's national gazette known as the *Kanpō* (kanpou.npb.go.jp/, Japanese only).

Labeling and Marking

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As noted above, Japanese laws requiring product certification and labeling are numerous. A good reference for information on these requirements is JETRO's Handbook for Industrial Product Import Regulations available at: www.jetro.go.jp/en/market/regulations/pdf/industrial-e.pdf

Standards Contacts

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Japan's National Gazette (*Kanpō*): kanpou.npb.go.jp/

Japanese Draft Regulations: search.e-gov.go.jp/servlet/Public

Japan Accreditation Board for Conformity Assessment:
www.jab.or.jp/english/index.html.

Japan Industrial Standards Committee: www.jisc.go.jp/eng/index.html

Japan Standards Association: www.jsa.or.jp/default_english.asp

National Institute of Technology and Evaluation; Incorporated Administrative Agency:
www.nite.go.jp/asse/iajapan/en/index.html

U.S. Department of Commerce, Office of Market Access and Compliance:
www.buyusa.gov/japan/en/mac.html

U.S. National Institute of Standards and Technology: www.nist.gov/notifyus/

Conformity Assessment Bodies: www.meti.go.jp/english/policy/denan/procedure/07.htm.

Third-party Conformity Assessment for Electrical Products in Japan:
www.meti.go.jp/english/policy/denan/procedure/index.htm

Japan External Trade Organization, Industrial Product Import Regulations:
www.jetro.go.jp/en/market/regulations/pdf/industrial-e.pdf

Trade Agreements

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As of October 2007, Japan has entered into economic partnership agreements (EPAs) with Singapore, Mexico, Malaysia, Chile and Thailand. Given the favorable effect on trade and economic growth in both countries, Singapore and Japan renewed an amended agreement of the EPA in November 2007.

Japan reached agreements in principle for EPAs with the Philippines in September 2006, with Brunei in June 2007 and with Indonesia in August 2007. Japan is currently negotiating EPAs with India, Vietnam, Australia, Switzerland and the Gulf Cooperation Council (GCC-Bahrain, Oman, Qatar, Saudi Arabia, United Arab Emirates and Kuwait). In October 2007, Japan concluded the 10th round of negotiations with the Association of Southeast Asian Nations (ASEAN). Negotiations with the Republic of Korea have been stalled since November 2004.

Japan is a member of APEC, which has established the goal of an APEC-wide free trade and investment area for developed economy members by 2010, and for all APEC member economies by 2020.

Web Resources

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Japanese import clearance and customs procedures:

Japanese Customs:

Japanese Ministry of Finance
www.mof.go.jp/english/tariff/tariff.htm

Customs Counselors System in Japan
www.customs.go.jp/zeikan/seido/telephone_e.htm

Japan Tariff Association
www.kanzei.or.jp/english/

APEC Tariff Database
www.apectariff.org/

U.S. export control procedures:

U.S. Department of Commerce
Bureau of Industry and Security (BIS)
www.bis.doc.gov/

(for defense-related articles)
U.S. Department of State
Office of Defense Trade Controls
www.pmdtcc.state.gov/

(for current U.S. embargo information)
U.S. Department of the Treasury
Office of Foreign Assets Control
www.treas.gov/offices/enforcement/ofac/

Obtaining a temporary-entry *carnet*:

United States Council for International Business
Local Offices — www.uscib.org/
N.Y. Office — info@uscib.org
www.atacarnet.com/

Standards (key organizations; see also “Standards Contacts” above):

Japan Industrial Standards Committee (JISC)
www.jisc.go.jp/eng/index.html

International Accreditation Japan (IAJapan)
www.nite.go.jp/asse/iajapan/en/index.html

Japan Accreditation Board for Conformity Assessment (JAB)
www.jab.or.jp/english/index.html

Japanese government regulations:

(for public comment updates)
U.S. Commercial Service
American Embassy Tokyo
www.buyusa.gov/japan/en/mac.html

(for finalized technical regulations and standards)
Japan National Gazette (*Kanpō*)
kanpou.npb.go.jp/ (Japanese only)

Labeling and marking requirements:

Japan External Trade Organization (JETRO)
www.jetro.go.jp/en/market/regulations/index.html