Import & Export Regulations in Japan

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UPS Asia Pacific Region

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Getting to Know Us….

About UPS

- World’s largest package delivery company and a global leader in supply chain services
- 2012 revenues - US$54.1 billion
- Daily delivery volume 16.3 million packages and documents
- 2% of global GDP moves around world in UPS trucks and planes
- Serves more than 200 countries and territories around the world
- World’s 9th largest airline
“Import & Export Regulations in Japan”

Agenda

• Logistics & Regulatory Environment in Japan
• Overview of Japan’s Import Regulations
• What is a Good Invoice
• Summary
## Logistics & Regulatory Environment in Japan

### Logistics Performance Index
Global Rankings 2012

<table>
<thead>
<tr>
<th>Country</th>
<th>LPI Rank</th>
<th>LPI Score</th>
<th>Customs</th>
<th>Infrastructure</th>
<th>International shipments</th>
<th>Logistics competence</th>
<th>Tracking &amp; tracing</th>
<th>Timeliness</th>
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<tbody>
<tr>
<td>Singapore</td>
<td>1</td>
<td>4.13</td>
<td>4.1</td>
<td>4.15</td>
<td>3.99</td>
<td>4.07</td>
<td>4.07</td>
<td>4.39</td>
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<td>3.97</td>
<td>4.12</td>
<td>4.18</td>
<td>4.08</td>
<td>4.09</td>
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<td>4.05</td>
<td>3.98</td>
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<td>3.85</td>
<td>4.14</td>
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<td>4.10</td>
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<td>3.87</td>
<td>4.26</td>
<td>3.67</td>
<td>4.09</td>
<td>4.05</td>
<td>4.32</td>
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<td>3.85</td>
<td>4.15</td>
<td>3.86</td>
<td>4.05</td>
<td>4.12</td>
<td>4.15</td>
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<td>3.93</td>
<td>4.07</td>
<td>3.70</td>
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<td>3.98</td>
<td>3.85</td>
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<td>3.73</td>
<td>3.98</td>
<td>4.05</td>
<td>4.20</td>
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<td>Japan</td>
<td>8</td>
<td>3.93</td>
<td>3.72</td>
<td>4.11</td>
<td>3.61</td>
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<td>4.03</td>
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<td>United States</td>
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<td>3.67</td>
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<td>3.63</td>
<td>3.93</td>
<td>4.0</td>
<td>4.19</td>
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</tbody>
</table>

World Bank Logistics Performance Index 2012
Customs Clearance Formalities

**Required Clearance Documents**

<table>
<thead>
<tr>
<th>Import</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Waybill / Bills of Lading &amp; Invoice</td>
<td>Invoice</td>
</tr>
</tbody>
</table>

**Duty/Tax Computation**

De Minimis threshold – JPY 10,000 (CIF)

Duty - CIF * Duty Rate

Consumption Tax (currently 5%) - CT Rate * (CIF + Duty)

**Stringent Brokers Regime**

Licensed Brokers are held strictly accountable for correct declarations

**Auto Abandon**

Shipments that do not clear Customs within 3 months from date of arrival will be seized by Customs
## Customs Clearance - Import Shipments

<table>
<thead>
<tr>
<th>Shipment Category</th>
<th>Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters and Documents</td>
<td>Documents without commercial value</td>
</tr>
<tr>
<td>Non-Dutiable (Non-Doc)</td>
<td>De Minimus value CIF JPY10,000. Duty/Tax is exempted for shipment value below JPY10,000. Manifest clearance.</td>
</tr>
<tr>
<td>Dutiable (Non-Doc)</td>
<td>Apply <strong>Informal</strong> Entry for shipment value less than CIF JPY200,000</td>
</tr>
<tr>
<td>Dutiable (Non-Doc)</td>
<td>Apply <strong>Formal</strong> Entry for shipment value above CIF JPY200,000</td>
</tr>
</tbody>
</table>

*Note: This is a general guideline. Actual categorization criteria may vary by port. Customs may apply different criteria such as quantity, commodity, weight, value, etc.*
# Customs Clearance - Export Shipments

## Shipment Category | Regulations
---|---
Ltr and Docs | Document without commercial value
Non-Document Exports (Low Value) | Apply **Informal** Entry for shipment value less than CIF JPY200,000
Non-Document Exports (High Value) | Apply **Formal** Entry for shipment value above CIF JPY200,000

Exports must be declared and approved PRIOR to Exportation

*Note: This is a general guideline. Actual categorization criteria may vary by port. Customs may apply different criteria such as quantity, commodity, weight, value, etc*
Sample of Japan Tariff

Chapter 61  Articles of apparel and clothing accessories, knitted or crocheted.

<table>
<thead>
<tr>
<th>H.S. code</th>
<th>Description</th>
<th>Tariff rate</th>
<th>Singapore</th>
<th>Mexico</th>
<th>Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.01</td>
<td>Men's or boys' overcoats, car-coats, capes, chals, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted, other than those of heading 61.03.</td>
<td></td>
<td>Free</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>6101.20</td>
<td>Of cotton</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>010</td>
<td>1 Containing embroidery or lace, or figured</td>
<td>16.8%</td>
<td>10.8%</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>020</td>
<td>2 Other</td>
<td>1.4%</td>
<td>10.8%</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>6101.30</td>
<td>Of man-made fibres</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>011</td>
<td>1 Containing embroidery or lace, or figured</td>
<td>16.8%</td>
<td>10.8%</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>020</td>
<td>2 Other</td>
<td>1.4%</td>
<td>10.8%</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>011</td>
<td>- Of synthetic fibres</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>019</td>
<td>- Of artificial fibres</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6101.80</td>
<td>Of other textile materials</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>010</td>
<td>1 Containing embroidery or lace, or figured</td>
<td>16.8%</td>
<td>10.8%~10.9%</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>020</td>
<td>2 Other</td>
<td>1.4%</td>
<td>10.8%~10.9%</td>
<td>Free</td>
<td></td>
</tr>
</tbody>
</table>
Overview of Japan’s Import Regulations

Articles that are subject to plant and animal quarantine enforced by the Ministry of Agriculture, Forestry and Fisheries' Plant Protection Station or Animal Quarantine Services.

**Plant-Related**
- Fresh, cut or dried flowers, leaves, roots, bark, seeds or other plant products (could include potpourri, garlands, wreaths, baskets made of plant material, etc.)
- Tobacco (excludes rolled cigarettes or cigars), tobacco leaves
- Fresh or frozen fruit or vegetables
- Non-roasted coffee beans
- Beans, except canned-beans
- Soil
- Wheat, sesame, cotton, grain, barley, malt, straw, rice, flour, herbs, spices, tea (tea bags accepted), mushrooms, sugar cane
- Wood, nursery tree, bulbs
- Any other type of commodity that requires quarantine

Additional details can be found at http://www.pps.go.jp/english/index.html
Import Regulations Overview

**Animal-Related**

- Meat, frozen meat, meat products, ham, sausage, beef jerky, including canned, bottled and vacuum-pouched products
- Bacteria, viruses (human or animal)
- Animal origin blood, blood product, serum, antibody, semen, tissue
- Animal bone, horn, antler
- Unprocessed animal fur, feathers
- Gelatin, collagen
- Pet food, wood or chews
- Raw wool or leather
- Insects
- Any other type of commodity that requires quarantine

*Additional details can be found at http://www.maff.go.jp/aqs/english/index.html*
Import Regulations Overview

**Cosmetics**
In order to ship cosmetics the following conditions must be met:

- If consignee is an individual, shipment should not exceed 24 pieces per item. *Example: 2 soaps packed in a box is counted as 2 pieces, therefore 12 boxes may be imported.*
- If consignee is a company, import license and sales license are required prior to import. As samples, up to 36 pieces per item may be imported. As commercial, there is no limit on quantity.
- Cosmetics include: soap, lipsticks, eye shadow, nail polish, creams, hair spray, cologne, lotion, hair tonic, etc.

**Dental Instruments**
Shipments of dental instruments and tools to an individual or a doctor requires a doctor's license and is limited to 3 pieces per item. An import license from the Ministry of Health is required for 4 or more pieces.
Import Regulations Overview

Drugs (also, Medicine and Pharmaceuticals)
To ship any medicine (including Potassium Iodide), the following conditions must be met.

If the consignee is a company, an import license and a sales license are required regardless of quantity.

If the consignee is an individual:
• A 1-month supply of prescription drugs can be shipped per shipment.
• A 2-month supply of quasi-drugs can be shipped per shipment.
• If the medication is an external preparation, such as an ointment or eye drops, then up to 24 pieces can be shipped per shipment.
• A 2-month supply of vitamins can be shipped per shipment.

Shipments of medicine may experience delays.

Some prescription drugs are prohibited, such as psychoactive drugs. Stimulants such as amphetamine and methamphetamine are prohibited.

Note: Japan Pharmaceutical Affairs Law
Import Regulations Overview

Food
• Commercial shipments require import notification and inspection by the Health Ministry.
• Personal shipments under 10 kgs are exempt from notification and inspection by the Health Ministry.
• Food such as ham, sausage, frozen fruit are prohibited.

Goods of Singapore Origin
• For shipments with the value not exceeding JPY 200,000, preferential terms can be claimed under the Japan - Singapore Economic Partnership (JSEPA) without a Certificate of Origin. For shipment values exceeding JPY 200,000, an original certificate of origin (Form C) is necessary.
• If Singapore origin is not stated on the commercial invoice at time of importation, preference will not be claimed and the standard schedule duty rates will apply.
Import Regulations Overview

**Medical Items**
In order to ship Medical Items the following conditions must be met:
If the Consignee is a company, an import license is required.
If the Consignee is an individual, only one set can be shipped.
Examples: Massage machines, false teeth, tonometer, clinical thermometer and electrocardiograph.
*Note: Japan Pharmaceutical Affairs Law*

**Nutritional Supplements (also, Vitamins)**
Commercial shipments of nutritional supplements require an import license, regardless of quantity.
A 2 month supply of nutritional supplements can be imported for each personal shipment.
Shipments of Nutritional Supplements (also, Vitamins) may experience delays
Import Regulations Overview

Tableware
After the tableware shipment arrives, the consignee must provide an import notification for inspection to the Japan Health Ministry for the following items:

- Ceramic coffee cups, saucers, glasses, spoons, knives (including Swiss Army knives), and forks
- Food processors and their parts, including can openers
- May include other kitchen utensils

Personal shipments below 10kg (22 lbs) are exempt from the notification requirement.
Import Regulations Overview

Solid Wood Packing Material

Effective 1 April 2007, all non-manufactured wood packaging materials such as pallets, crating, dunnage, packing blocks, etc, should be treated and presented with an IPPC (International Plant Protection Convention) mark.

Compliant wood packing material will not be subject to import quarantine procedures. Wood packing materials without markings will be inspected at ports of entry by plant quarantine officers for confirmation of compliance with the regulation.

Detection of a quarantine pest constitutes non-compliance. In such an event, it will be subjected to disinfestations, incineration or re-shipping, by consignee's choice, according to domestic Japanese laws.
What is a Good Invoice

A Good Invoice should answer the following questions

1. Where is it from?
2. Where is it going to?
3. What is the quantity?
4. What is it?
5. What is the item value, total value and currency?
6. Where it is made of?
7. Signature
What is a good description on an invoice?

3 Questions must be answered by an invoice to describe the contents and or goods of a shipment:

- **What is it? / What is it used for? / What is it made of?**

  - **Textile Commodities**
    Textile commodities must include each of the following:
    - Type of clothing or textile (shirt, trousers, scarf, linen, etc.)
    - The end user (men’s, women’s, children’s, etc.)
    - Fabric material (100% cotton, 75% wool / 25% polyester, etc.)
    - The manufacturing process (woven, knitted, crocheted, etc.)

  - **Non-Textile Commodities**
    Non-textile commodities must include each of the following:
    - The item (screw, microchip, machine parts, electrical components, etc.)
    - What it’s used for (parts for sewing machine, etc.)
    - What it’s made of (steel, copper, plastic, glass, etc.)

  - **Merchandise Commodities**
    Merchandise commodities must include each of the following:
    - A description of intended use (instructional, personal, commercial, etc.)
    - The title or name of video, CD-ROM or computer diskette
    - A brief description (name of video, etc.)
Examples of Good and Bad Invoice Description

Bad descriptions:
- Electronic parts, machine parts, computer parts
- Cloth, Clothes or Clothing
- Kitchenware, furniture
- Only part number or PO number
- Samples
- Gifts

Good descriptions:
- Iron screw for flashlight
- Colored lamp not exceeding 220W and voltage exceeding 100V
- Ladies knitwear, 62% polyester 33% cotton 5% spandex
Summary

- Japan’s Logistics & Regulatory Environment is conducive to Trade!
- Know your Products, Know the Import Regulations for your Products…
- To avoid delays, provide a Good Invoice for your Shipments!
Thank You!