

12 July 2022

(22-5313)

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Committee on Rules of Origin

Original: English

**NOTIFICATION OF PREFERENTIAL RULES OF ORIGIN FOR
LEAST DEVELOPED COUNTRIES**

JAPAN

Revision

The following communication, dated 6 July 2017, is being circulated at the request of the delegation of Japan.

Paragraph 4.3 of the 2015 Ministerial Decision on preferential rules of origin for least developed countries (WT/L/917/Add.1) requires preference-granting Members to notify preferential rules of origin as per the established procedures¹. In addition, as mandated by the Ministerial Decision, the Committee on Rules of Origin agreed, at its meeting of 2 March 2017, to a template for such notifications (G/RO/84).

Following such requirements, the following notification has been received from: Japan.

A. BASIC INFORMATION

1)	Notifying member	Japan
2)	Date of entering into force of Rules of origin and any substantive modification thereof	The Generalized System of Preferences (GSP), which aims at contributing to the economic development of developing countries (including the Least Developed Countries) and its rules to determine the origin of products eligible for preferential tariff treatment, were introduced in August 1971. The most recent modification of Rules of Origin was made in April 2015.
3)	Date of expiration of Rules of origin if applicable	Japan's current GSP scheme is effective until 31 March 2031.
4)	Title of the preferential scheme for which legislation on Rules of origin is applicable	Generalized System of Preferences.
5)	Authority(ies) granting the preferential treatment	Customs and Tariff Bureau, Ministry of Finance: http://www.customs.go.jp/english/index.htm
6)	National authorities in charge of Rules of origin administration	Customs and Tariff Bureau, Ministry of Finance gensanchi@mof.go.jp +81-(0)3-3581-8235 http://www.customs.go.jp/roo/english/index.htm

¹ The relevant notification requirements are contained in Paragraph 2(d) of Annex 1 of the Transparency Mechanism for Preferential Trade Arrangements (WT/L/806) and in Paragraph 4 of Annex II of the Agreement on Rules of Origin.

B. INFORMATION ON RULES OF ORIGIN**I. BENEFICIARIES**

1) List of Beneficiaries	<p>The list of beneficiary countries is available on the Internet at the following link: http://www.customs.go.jp/english/c-answer_e/imtsukan/1504_e.htm</p> <p>It is derived from the Cabinet Order for Enforcement of the Temporary Tariff Measures Law (paragraph 1 of Article 25).</p>
2) Eligibility	<p>The provision related to eligibility criteria for preferential treatment for the Least Developed Countries is found in paragraph 3 of Article 8-2 of the Temporary Tariff Measures Law.</p> <p>(Extract of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 8-2, paragraph 3: The rate of customs duty to be levied on goods, other than those set forth in Annexed Table 5, originating in the beneficiaries of preference, etc. designated as the least developed countries by the Resolution of the General Assembly of the United Nations and prescribed by Cabinet Order as the countries to which the special benefit concerning preferential tariff (i.e., the customs duty to be levied pursuant to the provision of paragraph 1) may appropriately be extended (such beneficiaries are referred to as the "special beneficiaries of preference" in the next Article) (excluding the goods for which the rates of duty are prescribed as free in the Appended Tariff Schedule of the Customs Tariff Act (or, in the case of the goods set forth in Annexed Table 1, in the said Table) and in subparagraph (1) of the said paragraph and the goods set forth in subparagraph (3) of the said paragraph) shall, notwithstanding the provision of Article 2 or subparagraph (1) or (2) of the said paragraph, be free from customs duty, if they are imported on or before the date specified in the said paragraph.</p>

II. CRITERIA FOR DETERMINING SUBSTANTIAL TRANSFORMATION

1) General criteria, if applicable for all products		
	(a) Definition of wholly obtained products	<p>The provision related to the definition of wholly obtained products are enumerated in Article 8, Ordinance of Ministry of Finance for Enforcement of the Temporary Tariff Measures Law as follows:</p> <ol style="list-style-type: none"> (1) mineral products extracted in a country or territory (2) vegetable products harvested in a country or territory (3) live animals born and raised in a country or territory (4) products obtained from live animals in a country or territory (5) products obtained by hunting, fishing in a country or territory (6) marine products taken from the high seas and economic exclusive zones of Japan or foreign countries by vessels of that country or territory (7) products produced solely from the products referred to (6) a board a vessel of that country or territory (8) products collected in a country or territory which are fit only for the recovery of parts or raw materials (9) scrap and waste derived from manufacturing or processing operations carried out in a country or territory (10) products obtained or produced in a country or territory exclusively from products referred to in sub-paragraphs (1) through (9)

	(b) Describe the criteria for not-wholly produced products	<p>The provision related to criteria for not-wholly produced products is found in Article 9, Ordinance of Ministry of Finance for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Ordinance of Ministry of Finance for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 9: 1. The manufacturing or processing as provided for subparagraph (2) of paragraph 1 of Article 26 of the Cabinet Order shall be manufacturing or processing, as a result of which the heading of the Tariff Schedule of the goods changes from any heading of raw materials originating from other countries used in the production of the goods. In the case of a good in each middle column of the Annexed Table, the manufacturing or processing shall be the manufacturing or processing in each lower column of the Annexed Table.</p> <p>2. When a good classified in HS Chapter 50-63 is produced in a beneficiary country using non-originating material not satisfying PSR (Product Specific Rules), the goods shall not be considered to have undergone the substantial transformation in principal. However, if the total weight of the non-originating materials not satisfying PSR is less than 10% of the weight of the good, such non-originating material shall be disregarded in determining whether the goods have undergone substantial transformation.</p> <p>3. When the classification of goods consisting of different materials, goods made in different components and sets for retail sale, are determined pursuant to Rule 3 of the General Rules for the interpretation of the Harmonized Tariff Schedule of the Customs Tariff Law Appendix, the origin of the goods is determined in accordance with manufacturing or processing prescribed for heading in which the goods are classified.</p>
	(c) Insert the formula for calculating <i>ad valorem</i> percentage	<p><i>Ad valorem</i> percentage = (VNM/FOB)×100</p> <ul style="list-style-type: none"> VNM is the value of non-originating materials used in the production of a good which include freight, insurance where appropriate, packing and all the other costs incurred in transporting the material to the importation port in the country where the producer of the good is located. FOB is the free-on-board value of a good payable by the buyer of the good to the seller of the good, not including any internal taxes reduced, exempted, or repaid when the good is exported.
2) Product specific rules of origin where applicable:		
	(a) Insert the link where the complete list of product specific rules of origin can be found.	Japan's notification to the Committee on Trade and Development in June 2022 regarding the product specific rules of origin, titled WT/COMTD/N/2/Add.18
	(b) Insert the formula for calculating <i>ad valorem</i> percentage, when applied for product specific rule	Same formula as shown in above.
3)	Definition of non-originating material and originating material, if any	N/A.
4)	List of insufficient working process, if any	<p>The insufficient working processes are enumerated in paragraph 1 of Article 9, Ordinance of Ministry of Finance for Enforcement of the Temporary Tariff Measures Law as below:</p> <ol style="list-style-type: none"> (1) Operations to ensure the preservation of products in good condition during transport and storage (drying, freezing, placing in salt water and other similar operations); (2) Simple cutting or screening; (3) Placing in bottles, boxes and other similar packing materials; (4) Repacking, sorting or classifying;

		<p>(5) Marking or affixing of marks, labels or other distinguishing signs on products or their packaging;</p> <p>(6) Simple mixing of non-originating products;</p> <p>(7) Simple assembly of parts of non-originating products;</p> <p>(8) Simple making-up of sets of articles of non-originating products; and</p> <p>(9) A combination of two or more operations specified above.</p>
5)	Rules for application of cumulation and related procedures if any	<p>The Rules for application of cumulation and related procedures are stipulated in paragraph 2 of Article 26, Cabinet Order for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 26, paragraph 2: In cases where any products (excluding those products enumerated in the Schedule No. 2) have been produced in one country or territory by using the products imported from Japan as all or part of the raw materials or components for production of such product, the provisions of the preceding paragraph shall be applied in the manner prescribed below.</p> <p>(1) In cases where such products have been produced by using, as raw materials or components, only those products imported from Japan or such products together with products enumerated in subparagraph (1) of the preceding paragraph, such product shall be regarded as wholly produced in such a country or territory.</p> <p>(2) For the purposes of applying subparagraph (2) of the preceding paragraph to any cases other than the cases provided for in the preceding subparagraph, any products imported from Japan shall be regarded as such products as enumerated in subparagraph (1) of the preceding paragraph.</p>
6)	Any other information that member deems necessary	N/A.

III. DOCUMENTARY REQUIREMENTS

1) Certificate of origin and other proofs of origin		
	(a) Requirement for certificate of origin and/or any other proof of origin, if any	<p>The provision related to requirement for certificate of origin is found in Article 27, Cabinet Order for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 27: Any person who intends to have paragraph 1 or 3 of Article 8-2 of the Temporary Tariff Measures Law applied to any products originating in beneficiaries of preferences shall submit the Director General of Customs, a certificate of origin. However, this shall not apply to the following products.</p> <p>(1) Products for which the origin is regarded by the Director General of Customs as being clearly ascertainable from their nature and form.</p> <p>(2) Products for which the total amount of the customs value is not more than 200,000 yen (excluding those mentioned in the preceding subparagraph).</p> <p>(3) Products which are designated ones relating to a special declaration (excluding those on which the Director General of Customs regards submission of a certificate of origin as necessary in order to confirm that the products originate in a beneficiary of preferences and those mentioned in the preceding 2 subparagraphs).</p>

	(b) Authority to be designated for issuance of certificate of origin	<p>The provision related to authority to be designated for issuance of certificate of origin is found in paragraph 4 of Article 27, Cabinet Order for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 27, paragraph 4: Any certificate of origin shall be issued, at the time when the products to be covered by such a certificate are exported (or if the Director General of Customs finds that there is any unavoidable and special reason for it, within such a period of time after their exportation as may be regarded as being reasonable in the light of such reason), by Customs located in the place of origin (or, if the Customs is not authorized to issue a certificate of origin, any other government entities, Chamber of Commerce or similar organization which have the authority to issue the certificate of origin and which is regarded as being appropriate by the Director General of Customs) on the basis of the declaration made by the exporter of such products.</p>
	(c) Prescribed form of Certificate of origin and/or any other proof of origin	<p>The certificate of origin can be found in Form No.1, Ordinance of Ministry of Finance for Enforcement of the Temporary Tariff Measures Law (a copy of this form (in Japanese only) has been provided to the Secretariat)</p>
	(d) Any other procedures applied for certificate of origin and/or any other proof of origin, if any	<p>The provision related to any other procedures applied for certificate of origin is found in paragraph 1 of Article 30, Cabinet Order for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 30, paragraph 1: Any person who intends to have paragraph 1 or 3 of Article 8-2 of the Temporary Tariff Measures Law applied to those products which are regarded as being products originating in a beneficiary of preferences by application of the provisions of paragraph 2 of Article 26, shall, at the time of submission of a certificate of origin for such products, attach to such a certificate of origin, a document, issued and certified by the person who issued such a certificate of origin, stating the descriptions and quantities of the products which were exported from Japan and used as raw materials or components for production of such products (a copy of this form (in Japanese only) has been provided to the Secretariat)</p>
2) Direct Shipment		
	(a) Rules applicable for direct shipment, if any	<p>The provision related to rules applicable for direct shipment is found in subparagraph (1) of paragraph 1 of Article 31, Cabinet Order for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 31, paragraph 1: Products transported directly to Japan from a beneficiary of preferences as their origin, without passing through any territory other than such a beneficiary.</p>
	(b) Documentary requirement for proof of direct shipment including when the transport of consignment involves transit through one or more intermediate countries, if any	<p>The provision related to documentary requirement for proof of direct shipment is found in paragraph 3 and 5 of Article 31, Cabinet Order for Enforcement of the Temporary Tariff Measures Law.</p> <p>(Extract of the Cabinet Order for Enforcement of the Temporary Tariff Measures Law) (provisional translation)</p> <p>Article 31, paragraph 3: Any person who intends to have paragraph 1 or 3 of Article 8-2 of the Temporary Tariff Measures Law applied to those products enumerated in</p>

		<p>subparagraph (2) or (3) of paragraph 1 shall, at the time of import declaration of such products, submit one of the following documents, as a document proving that such products fall under either of such subparagraphs. However, this shall not apply to those products for which the total amount of customs value is not more than 200,000 yen.</p> <ol style="list-style-type: none"> (1) A copy of a through bill of lading for transportation of such products from a beneficiary of references as their origin, to the port of importation in Japan. (2) A certificate issued by Customs or any other competent government authorities in a country of non-origin where the products were transshipped, temporarily stored or displayed at exhibitions, etc. as provided for in subparagraph (2) or (3) of paragraph 1. (3) Any documents which are considered by the Director General of Customs to be appropriate, excluding those enumerated in the preceding two subparagraphs. <p>Article 31, paragraph 5: The following items shall be described in the certificate provided for in subparagraph (2) of paragraph 3.</p> <ol style="list-style-type: none"> (1) Marks, numbers, descriptions and quantities of the products under consideration. (2) Dates on which such products were loaded on board, and/or unloaded from, a vessel, aircraft or vehicle in the country of non-origin and names, registered marks or kinds of such vessels, aircraft or vehicles. (3) Details of the handling of such products in the country of non-origin where the loading or unloading as provided for in the preceding subparagraph took place.
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IV. VERIFICATION AND PENALTIES

1)	Procedure for verification of proofs of origin	<p>The Provision related to the verification is found in subparagraph (6) of paragraph 1 of Article 105, Customs Law.</p> <p style="text-align: center;">(Extract of the Customs Law) (provisional translation)</p> <p>Article 105, subparagraph (6) of paragraph 1: To inquire about the imported goods to the importers, Customs brokers who handle the custom-house businesses, consigners of the importation, those who sell the dumping (dumping stipulated in paragraph 1 of Article 8 of Customs Tariff Law) goods in the nation and other relevant people (importers and so on in next paragraph), to investigate the cargo and the account documents and other things of the cargo, and to require induction and submissions the things (including the copies).</p>
2)	Penalties for fraud and false declarations	<p>The provision for fraud and false declaration is found in Article 110, Customs Law.</p> <p style="text-align: center;">(Extract of the Customs Law) (provisional translation)</p> <p>Article 110: A person who falls under any of the following subparagraphs shall be punished by imprisonment with work for not more than 10 years or a fine not exceeding 10 million yen, or both:</p> <ol style="list-style-type: none"> (1) A person who, by deception or other wrongful act, evades payment of customs duty or receives refund of customs duty. (2) A person who imports goods for which customs duty is to be paid without paying customs duty by deception or other wrongful act. <p>2. In the case where, through deception or other wrongful act of a customs broker, customs duty is evaded or refunded, or goods for which customs duty is to be paid are imported without paying customs duty, the preceding paragraph shall also apply to the customs broker who has committed such act.</p>

		<p>3. The preceding 2 paragraphs shall also apply to a person who commences any of the crimes referred to in the said 2 paragraphs without completing it.</p> <p>4. In the case where an amount calculated by multiplying the amount of customs duty or the amount of refund of customs duty, pertaining to the crime referred to in the preceding 3 paragraphs by a factor of 10 exceeds 10 million yen, the fine referred to in the preceding three paragraphs may, where circumstances so warrant, be more than 10 million yen, but not more than the amount equivalent to 10 times the amount of the customs duty or the amount of refund of customs duty.</p> <p>5. A person who prepares with the intention of committing a crime referred to in paragraph 1 or 2 shall be punished by imprisonment with work for not more than 5 years or a fine not exceeding 5 million yen, or both.</p> <p>6. In the case where an amount calculated by multiplying the amount of customs duty or the amount of refund of customs duty, pertaining to the crime referred to in the preceding paragraph may, where circumstances so warrant, be more than 5 million yen, but not more than the amount equivalent to 10 times the amount of the customs duty or the amount of refund of customs duty.</p>
3)	Authorities and procedures for appeal in the case of dispute on verification	<p>The procedures for appeal in the case of dispute on verification are found in Article 89, Customs Law and Article 2 and 5, Administrative Appeal Act.</p> <p>(Extract of the Customs Law) (provisional translation)</p> <p>Article 89: 1. Any person may file an objection if he is dissatisfied with the disposition of the Director General of Customs as prescribed in the provisions of this Law or other Laws relating to customs duty.</p> <p>2. Any disposition of customs officials as prescribed in the provision of this Law or other Laws relating to customs duty, regarding the application of the previous paragraph and Article 91, shall be deemed to be a disposition made by the Director General of Customs having jurisdiction over the customs office to which the customs officials belong.</p> <p>(Extract of the Administrative Appeal Act) (provisional translation)</p> <p>Article 2: A person who is dissatisfied with a disposition reached by an administrative agency may file a request for review pursuant to the provisions of Article 4 and paragraph 2, Article 5.</p> <p>Article 5: 1. In the case where examinations can be applied about punishment by administrative agencies to administrative agencies other than punish agencies, when there are stipulations which enables to request reinvestigations in the Laws, those who have objections to the punishments can request reinvestigations to the punish administrative agencies. Provided, however, that the reinvestigation requests about the punishment are done by the stipulation of Article 2.</p> <p>2. In the case that reinvestigation requests are done by the stipulation of the main body of the previous section, the reinvestigation requests cannot be done, only after the decisions of the reinvestigation requests are passed through. Provided, however, that fits any of the following subparagraphs:</p> <p>(1) The case that the punish agencies do not decide about the reinvestigation request, even if 3 months passes from the next day following the date of the reinvestigation request of the punishment (the day when the deficiencies are corrected in the case that the corrections of the deficiencies are ordered by the stipulation of Article 23, which is applied by reading mutatis mutandis pursuant to Article 61).</p>

		(2) The case that there are valid reasons that not to pass through the decisions of other reinvestigation requests.
4)	Requirement for preserving the documents related to issuance of certificate of origin	N/A.
5)	Any other relevant information	N/A.

V. REFERENCE TEXTS

(a)	The legislative texts in one of the official WTO languages containing the preferential rules of origin applicable under a PTA granted under the Decision on Measures in Favour of Least-Developed Countries (Annex F of the Hong Kong Ministerial Declaration)	<ul style="list-style-type: none"> - Cabinet Order for Enforcement of the Temporary Tariff Measures Law: https://elaws.e-gov.go.jp/document?lawid=335CO0000000069_20220101_503CO0000000163 - Ordinance of Ministry of Finance for Enforcement of the Temporary Tariff Measures Law: https://elaws.e-gov.go.jp/document?lawid=344M50000040039_20190701_501M60000040008 - Administrative Appeal Act: https://elaws.e-gov.go.jp/document?lawid=426AC0000000068 - Customs Law: https://elaws.e-gov.go.jp/document?lawid=329AC0000000061
(b)	The full text of the administrative regulations concerning modalities for issuance, acceptance, retrospective issuance and replacement of certificates of origin or any equivalent declarations to be made, including any requirements related to stamps to be used along with notification of stamps	
(c)	The full text and related administrative regulations of the modalities for the proof of movement of the consignment of the goods from the beneficiary countries to preference-giving countries including transit through third countries	
(d)	The full texts of the modalities of the verification procedures and related penalties	