REPLIES TO QUESTIONNAIRE ON IMPORT/licENSING PROCEDURES

JAPAN

Information on import licensing procedures of Japan, submitted in response to the questionnaire annexed to document L/5106, has been made available to contracting parties in documents COM.IND/W755-COM.AG/W772/Add.11 as amended by Corr.1 to Corr.3 and Add.56/Rev.1. The following notification, describing the present import licensing system, replaces the data previously submitted by Japan.

Outline of systems

1. In order to import products specified under the import quota system (so-called IQ system) the importer must obtain, prior to importation, an import quota from the Minister of International Trade and Industry. If the quota is granted, the importer must forward the certificate of import quota allocation to an authorized foreign exchange bank which issues automatically a certificate of import approval. All allocations of import quotas are made on a global basis.

Note: The number of offices and branches of banks which are authorized to issue certificates of import approval under the IQ system amounts to 1,900 or so.

Purposes and coverage of the licensing

2. The list of items subject to the IQ system is published in the Official Gazette, the Ministry of International Trade and Industry Official Bulletin and the International Trade Bulletin. The items under the IQ system are also enumerated in the Joint Working Group on Import Restrictions Report.

3. Japanese licensing requirements are applied without discrimination to imports from all sources.

4. The IQ system is designed to limit the quantity of imports.

5. (1) The Japanese licensing system is maintained under the following law, orders and regulations:

   (i) Foreign Exchange and Foreign Trade Control Law (Law No. 228, December 1949) as amended.
(ii) Import Trade Control Order (Cabinet Order No. 414, December 1949) as amended, and Cabinet Order concerning Control of Foreign Exchange (Cabinet Order No. 203, June 1950) as amended.

(iii) Other regulations and ordinances, especially Import Trade Control Regulation (MITI Ordinance No. 77, December 1949) as amended.

(2) The designation of products to be subjected to the IQ system is in the competence of the Minister of International Trade and Industry.

(3) The licensing system is statutorily required, and it is necessary to amend the law, orders and regulations as cited above, to abolish it. Even in the cases where the abolishment by the Administration is theoretically possible, it is difficult, in practice, to take such a step without seeking prior approval of the Legislature.

Procedures

6. The following replies are concerned with the IQ system.

(a) (i) The information concerning procedure for allocation of quotas is published in the Official Gazette, the Ministry of International Trade and Industry Official Bulletin and the International Trade Bulletin.

(ii) The overall amount of quotas is in principle published on each item. No allocation of quotas is made on the basis of the country of origin; the allocation is made on a global basis without discrimination. Further there is no maximum limit of quota to be allocated to individual importers.

(b) The size of quota is usually determined on a six-monthly basis and, in general, the allocation is made once for six months. There are, however, some cases in which allocations are made throughout the year upon application for quotas.

(c) (i) There is no case where the allocation of quotas is made to domestic producers of like goods. For the imports of materials for industrial use, allocations of quotas are made either directly to users or to those who have received orders from users, and, in the case of consumer goods, allocations are made to trading companies.

(ii) No special measure is taken to ensure actual importation.
(iii) The amount of quotas is generally determined on a six-monthly basis, while the period of validity of certificate of import quota allocation is four months and that of certificate of import approval is six months. As a result, a portion of quota may in some cases be realized in the succeeding period. However, this does not influence the determination of quotas in that succeeding period.

(iv) The names of importers to whom quotas have been allocated are usually not made known to public in order to avoid possible disclosure of business secrets. However, they are made known in cases where necessary and appropriate.

(d) The period open for the submission of applications for quotas is usually about two weeks.

(e) The minimum length of time for processing applications for quotas is one week, its maximum being three weeks except in some special cases.

(f) Upon receipt of the certificate of import quota allocation, the import approval can be obtained and actual importation can be carried out at any time, subject to the period of validity of certificates mentioned in 14 below.

(g) Consideration of applications for quotas is usually effected by a single administrative organ in charge of quota allocation, but on rare occasions other administrative organs may be involved in the judgement of the import requirements for users in question. In both cases, however, the importer does not need to approach more than one administrative organ.

(h) (i) If the demand exceeds the quota, the allocation is made on the basis of (1) past import records on customs clearance basis (past performance allocation) (2) distribution of equal amounts of quota to applicants (equal allocation) or combination of (1) and (2). In the case of quota allocation to users, the allocation is determined on the basis of the import requirements by users.

(ii) There is no maximum amount of quotas to be allocated per applicant.

(iii) Where appropriate, new importers, with or without qualifications, are permitted to apply for quotas. In such case, the allocation is usually made evenly to new importers.

(iv) Applications for quotas are generally examined simultaneously.
(i) The question is not applicable to Japan. Because there exists no arrangement with other countries which sets bilateral quotas for imports from them or which obliges them to restrain exports.

(j) The question is not applicable to Japan.

(k) For imports of certain kinds of raw materials for processing of goods for export, allocations additional to the normal allocations based on the domestic demand and supply are made automatically on condition that such raw materials will not be used for processing of goods to be sold at home. These items are staple food, starch and milk products.

7. Not applicable.

8. Application for import approval and import quota allocation will not be refused, if they satisfy the prescribed conditions.

Eligibility of importers to apply for licence

9. (a) With regard to the importation of IQ items, there are certain cases where eligibility for application for quotas is limited to the importers who have the past record of actual imports.

   As for the importation of raw materials for industrial use, eligibility may be confined to the actual users of such materials or those who have received orders from such users. As for the importation of gunpowder, hunting guns and others, a special qualification is required under the relevant regulations.

   There is no system of registration of importers.

Documentational and other requirements for application of licence

10. Documents required at application are as follows:

   (1) For the application of import quotas:

   (i) Application for import quota allocation.¹

   (ii) Documents certifying the past records of actual imports (this is required only in cases where allocation is made on the basis of the past actual imports. Normally either original or copies of certificates of import approval are sufficient.).

   (iii) Explanatory note on the product concerned (only when it is difficult to confirm that the item falls under the IQ system).

¹ A sample form is available for reference in the secretariat, Room 1073, Centre William Rappard.
(iv) Letter of order or documents indicating the commission from users (when the allocation is made on the basis of orders from users).

(v) Contract with a shipper or an offer from a shipper (there are some cases where this is not required).

(2) For the application for import approval.

(i) Application for import approval.

(ii) Certificate of Import Quota Allocation.

11. Upon actual importation, only certificate of import approval is required.

12. Neither licensing fee nor administrative charge is required.

13. Neither deposit nor advance payment is required.

Conditions of Licensing

The period of validity of the certificate of import quota allocation is four months, but in cases where the extension of the period is required, the period can be extended on the approval of the Minister of International Trade and Industry. Import approval is obtainable with the certificate of import quota allocation, as long as the certificate is valid.

The period of validity of the certificate of import approval is six months. But if it is known in advance that extension of the period of validity beyond the six-month period is necessary, the longer period can be approved to the extent necessary. And in such cases where the customs clearance is not considered feasible within the period of six months, the period of validity can be extended to the extent necessary for customs clearance. For the extension of the period of validity of certificate of import approval, the approval of the Minister of International Trade and Industry is required.

15. There is no penalty for the non-utilization of either certificate of import quota allocation or certificate of import approval.

16. In order to avoid abuses, import quotas under the IQ system are, in principle, not transferable among importers. Under justifiable reasons, however, the imports on consignment can be admitted on the confirmation of the Minister of International Trade and Industry.

1A sample form is available for reference in the secretariat, Room 1073, Centre William Rappard.
17. (a) No condition is attached to the issuance of either certificate of import quota allocation or certificate of import approval, except in cases where imports are approved on condition that the goods imported be processed in Japan and re-exported.

Other procedural requirements

18. (1) In the following cases, approval of the Minister of International Trade and Industry is required prior to importation.

   (i) In case the imports are to be carried out, using specific methods of payment.

   (ii) In case of specific goods and imports from specific countries (either country of origin or country from which shipment is made), wherever necessary in order to fulfil the international obligations such as those under the International Sugar Agreement.

(2) There are cases where confirmation of the Minister of International Trade and Industry is required prior to importation of the specific products published in the Official Gazette, etc. The purpose of this procedure is to grasp import trends of the products concerned and not to restrict such importation.

(3) In addition, there are some regulations required by sanitary and health regulations, such as the Pharmaceutical Law, Food Sanitation Law, animals and plants quarantine laws and others.

19. Foreign exchange is automatically provided to the holder of a certificate of import approval.