

Customs Tariff Law

(Purpose)

Article 1. This Law provides for the rates of customs duty, the basis for duty assessment, the reduction of and exemption from customs duty and other matters relating to the customs system.

(Definition)

Article 2. In this Law or any Cabinet Order that may be issued hereunder, the term "importation" means as defined in Article 2 (Definitions) of the Customs Law (Law No. 61 of 1954), and the term "exportation" means the act as provided for in sub-paragraph (2) of paragraph 1 of the said article or the shipment of goods from a specific country (with respect to marine products caught or gathered in the open sea or in the waters within the exclusive economic zone of Japan or of any foreign country, such specific country includes vessels of the country which has caught or gathered them) to any other country.

(Basis for Duty Assessment and Rates of Customs Duty)

Article 3. Customs duty shall be imposed on imported goods on the basis of the value or quantity thereof taken as a basis for duty assessment, and the rates of customs duty shall be as prescribed in the Annexed Tariff of this law.

(Simplified Duty Rates on Goods Imported by Persons Entering Japan)

Article 3-2. For the purpose of application of the preceding article, the rates of customs duty chargeable on goods which are imported, as accompanied goods, by any person entering Japan at the time of his entry or are imported, as unaccompanied goods, by any such person in accordance with a Cabinet Order shall, notwithstanding the provisions of any other laws relating to customs duty, be those rates prescribed in Schedule No. 1 attached to the Annexed Tariff, which have been computed on the basis of those consolidated rates of customs duty, excise taxes (i.e., the excise taxes as provided for in sub-paragraph (1) of Article 2 (Definitions) of the Law for the Collection of Excise Taxes on Imports (Law No. 37 of 1955)), and local consumption tax which are chargeable on imported goods. However, the foregoing provisions shall not apply to the case where the said person notifies the Customs to the effect that he does not wish to have any of the goods which he has brought into Japan with him at the time of his entry or which are imported into Japan as unaccompanied goods, as the case may be, charged in accordance with the said schedule.

2. The provisions of the preceding paragraph shall not apply to the following goods:

- (1) Goods designated as duty-free and goods exempted from customs duty in accordance with the provisions of this law or any other laws relating to customs duty.

- (2) Goods related to any of the offences as prescribed in Chapter 10 (Penal provisions) of the Customs Law.
- (3) Goods in commercial quantities, goods of high unit value, and such other goods as may be prescribed by a Cabinet Order as being inappropriate for application of the rates of customs duty enumerated in Schedule No. 1 attached to the Annexed Tariff in view of the effect of such goods on a Japanese industry, etc.

(Simplified Duty Rates on Imported Goods of Small Value)

Article 3-3. In the case provided for in Article 3, the rates of customs duty on imported goods (excluding goods which are imported, as accompanied goods, by any person entering Japan at the time of his entry or are imported, as unaccompanied goods, by any such person in accordance with a Cabinet Order under paragraph 1 of the preceding article; this exclusion shall apply in the rest of this paragraph) of which the total amount of such values to be taken as a basis for duty assessment of imported goods as are calculated under the provisions of the next article to Article 4-8 (in the case of goods on which customs duty is chargeable on the basis of their quantities (hereinafter referred to as "specific-duty goods"), such values shall be calculated *mutatis mutandis* under these provisions; this definition is also applicable in paragraphs 1 and 2 of Article 6, sub-paragraph (1) of paragraph 1, sub-paragraph (1) of paragraph 4 and sub-paragraph (1) of paragraph 8 of Article 9, Article 11, and sub-paragraph (18) of Article 14) is not more than 100,000 yen shall, notwithstanding the provisions of any other laws relating to customs duty, be as prescribed in Schedule No. 2 attached to the Annexed Tariff. However, the foregoing provisions shall not apply to the case where a person who intends to import such goods (in the case where such goods are postal items, the addressee thereof) notifies the Customs concerned to the effect that he does not wish to have any of those goods charged in accordance with the said schedule.

2. The provisions of the preceding paragraph shall not apply to goods provided for in sub-paragraph (1) or (2) of paragraph 2 of the preceding article or to such goods as may be prescribed by a Cabinet Order as being inappropriate for application of the rates of customs duty prescribed in Schedule No. 2 attached to the Annexed Tariff in view of the effect of such goods on a Japanese industry, etc.

(Principle for Determining the Customs Value)

Article 4. The value of imported goods which constitutes the basis for duty assessment (hereinafter referred to as "customs value") shall, except where the first sentence of paragraph 2 applies, be the price actually paid or payable by a buyer, to or for the benefit of a seller, for the said imported goods in an import transaction relating to the said imported goods (excluding the amount of customs duty or any other charges reduced or refunded in the country of exportation at the time of their exportation), plus the cost of transport, etc., as enumerated below, to the extent

that it is not included in the price actually paid or payable for the goods (hereinafter referred to as the "transaction value"):

- (1) Cost of transport, cost of insurance and other expenses incurred for transport of the said imported goods to the port of importation (referred to as "cost of transport, etc., to the port of importation" in the next article and in paragraph 2 of Article 4-3).
- (2) The following commissions or expenses, to the extent that they are incurred by the buyer in the import transaction relating to the said imported goods.
 - (a) Brokerage and commissions, except buying commissions.
 - (b) The cost of containers, provided that they are of the same kind and value as the containers usually used for the said imported goods.
 - (c) The cost of packing the said imported goods.
- (3) The cost of the following goods or services which are supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production of the said imported goods and the import transaction.
 - (a) Materials, parts or similar items incorporated in the said imported goods.
 - (b) Tools, molds or similar items used in the production of the said imported goods.
 - (c) Materials consumed in the production of the said imported goods.
 - (d) Engineering, plans and sketches and other services relating to the production of the said imported goods as may be prescribed by a Cabinet Order.
- (4) The cost of the use of patent, design or trademark right and such similar rights as may be prescribed by a Cabinet Order (excluding the right to reproduce the imported goods in Japan), relating to the said imported goods, which the buyer must pay, directly or indirectly, as a condition of the import transaction of the said imported goods.
- (5) The proceeds of any subsequent disposition or use of the said imported goods by the buyer that accrue directly or indirectly to the seller.

2. In the case where any of the circumstances described in the following sub-paragraphs exist with respect to the import transaction relating to imported goods, the customs value of the imported goods shall be determined in accordance with the provisions of the next article to Article 4-4. However, this provision shall not apply to cases which fall under sub-paragraph (4) and in which the person who intends to import the said imported goods demonstrates, as may be prescribed by a Cabinet Order, that the transaction value of the said imported goods is equivalent to, or closely approximates, such customs value of identical or similar goods (only those goods which are exported to Japan on or about the same date as the said imported goods and which are produced in the country of production of the said imported goods; this limitation shall apply in the rest of this paragraph) as is calculated under the preceding paragraph or Article 4-3. The said customs value of the identical or similar goods shall be the price after appropriate adjustment has been made, as may be prescribed by a Cabinet Order, as to any price difference between the said

imported goods and identical or similar goods arising from differences in commercial levels, transaction quantity, or the cost of transport, etc. enumerated in any of the sub-paragraphs of the said paragraph or from differences in such costs and charges as may be prescribed by a Cabinet Order. With respect to the customs value calculated under the said paragraph, the customs value of the goods identical or similar to the said imported goods and traded in an import transaction between a buyer and a seller who are not related, as prescribed in sub-paragraph (4), shall be used.

- (1) There are restrictions as to the disposition or use of the said imported goods by the buyer (excluding restrictions as to the geographical area in which the imported goods may be sold by the buyer and such other restrictions as may be prescribed by a Cabinet Order).
- (2) The import transaction relating to the said imported goods is subject to the condition that the transaction value of the said imported goods is determined on the basis of the quantity or price of such goods other than the said imported goods as are traded between the seller and the buyer of the said imported goods or subject to any other condition which makes it difficult to determine the customs value of the said imported goods.
- (3) The value of the proceeds of any subsequent disposition or use of the said imported goods by the buyer which accrues, directly or indirectly, to the seller is not ascertainable.
- (4) There is a relationship between the seller and the buyer (i.e., circumstances where the seller and the buyer are directors or other officers in each other's business or any of such relationships between seller and buyer as may be prescribed by a Cabinet Order; this definition shall apply in the rest of this sub-paragraph and in paragraph 1 of Article 4-3) and such relationship is considered to have influenced the transaction value of the said imported goods.

(Determination of Customs Value on the Basis of Identical or Similar Goods)

Article 4-2. In cases where the customs value of the imported goods cannot be calculated under the provisions of paragraph 1 of the preceding article or where the first sentence of paragraph 2 of the said article applies, if the transaction value (i.e. the customs value which has already been accepted under the provisions of paragraph 1 of the preceding article; the same to apply hereinafter in this article) of goods identical or similar to the said imported goods (provided that these identical or similar goods are those exported to Japan on or about the same date as the said imported goods and produced in the country of production of the said imported goods; hereinafter in this article referred to as "identical or similar goods") is available, the customs value of the said imported goods shall be the transaction value of the said identical or similar goods (if the transaction values of both identical and similar goods are available, the customs value of the said imported goods shall be the transaction value of the identical goods). In applying the provisions of this article, the transaction value of the identical or similar goods shall be the transaction value of identical or similar goods in an import transaction at the same commercial level and substantially

in the same quantity as the said imported goods (hereinafter in this article referred to as "identical or similar goods at the same commercial level and in the same quantity"). Where there is a significant difference in cost of transport, etc., to the port of importation, between the said imported goods and the identical or similar goods in question at the same commercial level and in the same quantity, arising from differences in distances and modes of transport, the transaction value of the identical or similar goods in question shall be the transaction value after any necessary adjustment is made, as may be prescribed by a Cabinet Order taking account of any price difference attributable to such significant differences.

2. Where no transaction value of the identical or similar goods at the same commercial level and in the same quantity as provided for in the preceding paragraph is available, the transaction value of the identical or similar goods as provided for in the said paragraph shall be the transaction value of identical or similar goods after necessary adjustment is made, as may be prescribed by a Cabinet Order, taking account of any price difference between the said imported goods and the identical or similar goods in question attributable to differences in commercial level or transaction quantity and differences in cost of transport, etc., to the port of importation.

(Determination of Customs Value on the Basis of Domestic Selling Price or Cost of Production)

Article 4-3. In cases where the customs value of the imported goods cannot be calculated under the provisions of the preceding two articles, if a domestic selling price of the said imported goods (including the domestic selling price of the said imported goods taken (Note: withdrawn from the customs) with the approval of the Director-General of Customs under the provisions of paragraph 1 of Article 73 (Taking (Note: withdrawal from Customs) of Goods prior to Import Permission) of the Customs Law; the same to apply hereinafter in this paragraph) or a domestic selling price of goods identical or similar to the said imported goods (provided that they are produced in the country of production of the said imported goods; the same to apply hereinafter in this paragraph) is available, the customs value of the said imported goods shall be the price as provided for in any of the following sub-paragraphs according to the classification of the domestic selling prices enumerated therein. However, sub-paragraph (2) shall apply only when sub-paragraph (1) cannot be applied and when the importer of the said imported goods requests application of the provisions of sub-paragraph (2).

- (1) The domestic selling price of the said imported goods or of identical or similar goods, sold domestically to a buyer who is not related to a seller of such goods that are in the same nature and form (Note: in the same state) as those at the time of import declaration (or at the time as described in any of the sub-paragraphs of paragraph 1 of Article 4 (Exceptional date of determination of object for duty assessment) of the Customs Law, in the case of the goods as enumerated in any of those sub-paragraphs; hereinafter in this sub-paragraph and in the next sub-paragraph referred to as "the date of determination of

object for duty assessment") on the date of determination of the object for duty assessment concerning the said imported goods or within a certain period of time therefrom: Price calculated after deducting the following commissions, etc. from the said domestic selling price.

(a) The usual commissions or profits and general expenses (excluding the expenses as enumerated in (b) below) in connection with the domestic sale of imported goods of the same class or kind (i.e. the imported goods which are produced by the same industry sector and which belong to the same category as the imported goods; the same to apply in the next paragraph) as the said imported goods.

(b) The usual costs of transport and insurance and other associated costs incurred for the transport of the imported goods or of the identical or similar goods sold in the domestic market from the time of their arrival at the port of importation to the time of the domestic sale.

(c) The customs duties and other charges levied in Japan on the imported goods or the identical or similar goods sold in the domestic market.

- (2) The domestic selling price of the said imported goods, sold domestically to a buyer who is not related to a seller of such goods, after further processing after the date of determination of the object for duty assessment: Price calculated after deducting from the said domestic selling price the value added by such processing and the amount of commissions, etc., as enumerated in (a), (b) and (c) of the preceding sub-paragraph.

2. In cases where the customs value of the said imported goods cannot be calculated under the provisions of the preceding paragraph, if the production cost of the said imported goods can be ascertained, the customs value of the said imported goods shall be the sum of the cost of production of the said imported goods, usual profit and general expenses in connection with sales for export to Japan of imported goods of the same class or kind produced in the country of production of the said imported goods, and cost of transport, etc., of the said imported goods to the port of importation.

3. In cases where the cost of production of the said imported goods can be ascertained, if the importer of the said imported goods so requests, the customs value of the said imported goods shall be calculated under the provisions of the preceding paragraph, prior to the application of paragraph 1 above.

(Determination of Customs Value of Special Imported Goods)

Article 4-4. When the customs value of imported goods cannot be calculated under the provisions of the preceding three articles, the customs value of the said imported goods shall be the value calculated under the provisions of a Cabinet Order as corresponding to the customs value

calculated under the provisions of these articles.

(Determination of Customs Value of Deteriorated or Damaged Imported Goods)

Article 4-5. In cases where the customs value is to be calculated under the provisions of Articles 4 to 4-4, if in light of the terms and conditions of the import transaction it is found that the said imported goods have deteriorated or have been damaged by the time of import declaration (or by the time as described in sub-paragraphs (2) to (8) of paragraph 1 of Article 4 (Exceptional date of determination of object for duty assessment) of the Customs Law, in the case of the goods as enumerated in any of those sub-paragraphs; in the proviso to paragraph 1 of Article 10 referred to as "the time of import declaration, etc."), the customs value of the said imported goods shall be the value calculated, after deducting an amount equivalent to the depreciation caused by such deterioration or damage from the customs value calculated had such deterioration or damage not occurred.

(Special Rules for Determination of Customs Value of Air Cargo, etc.)

Article 4-6. In calculating the customs value under the provisions of Articles 4 to 4-4, if the imported goods concerned are those transported by air, the cost of transport and cost of insurance incurred for transport to the port of importation of free samples (provided the customs value of the samples does not exceed such an amount as may be prescribed by a Cabinet Order as a small value, if the customs value is calculated on the basis of airfreight and insurance) or of goods the importation of which is deemed to be urgently necessary for disaster relief, the protection of public hygiene or any other similar purposes and of such other similar goods as may be prescribed by a Cabinet Order shall be calculated on the basis of the cost of transport and cost of insurance for the usual mode of transport for such goods other than by air.

2. In calculating the customs value under the provisions of Articles 4 to 4-4, if the imported goods concerned are those imported, as accompanied goods, by a person entering Japan or any other goods the import transaction of which is considered to be a retail transaction, and if the said goods are regarded as being for the personal use of the importer, the customs value of the said imported goods shall be the value at which the said imported goods would have been imported had they been imported at an ordinary wholesale level. The first sentence of this paragraph shall apply *mutatis mutandis* to the case where the imported goods concerned are a gift to a person who is resident in Japan and are deemed to be for the personal use of the recipient of the gift.

(Foreign Exchange Rates Used for Conversion of Currency)

Article 4-7. In calculating the customs value under the provisions of Articles 4 to 4-6, the conversion into Japanese currency of a value expressed in a foreign currency shall be made on the basis of the foreign exchange rate on the date of import declaration of the imported goods

concerned (or on the relevant date as prescribed in sub-paragraph (1) of Article 5 (Exceptions to applicable laws and regulations) of the Customs Law, if the customs value is to be calculated for the goods as enumerated in the said sub-paragraph).

2. The foreign exchange rate as prescribed in paragraph 1 above shall be established by a Ministry of Finance Ordinance.

(Mandate to Cabinet Order)

Article 4-8. Matters other than those prescribed in Articles 4 to 4-7 which are necessary for the calculation of the customs value of the imported goods shall be prescribed by a Cabinet Order.

(Beneficial Duty)

Article 5. With regard to imported goods which are products of any country not entitled to the benefit as provided for in special provisions of any treaty relating to customs duty (including any territory which is part of such country; this inclusion is also applicable in the rest of this article and in paragraphs 1 and 2 of the next article and paragraph 4 of Article 9), a benefit relating to customs duty, not exceeding the benefit as provided for in such special provisions, may be extended to such goods as may be prescribed by a Cabinet Order, specifying the country and goods.

(Retaliatory Duty, etc.)

Article 6. When it is considered necessary in order to protect the interests granted, directly or indirectly, to Japan under the Marrakesh Agreement Establishing the World Trade Organization (referred to as the "WTO Agreement" in the rest of this article and in the next article and Article 9) or to achieve the purpose of the WTO Agreement, goods exported from any of the countries provided for in the following sub-paragraphs or imported into Japan through any of those countries may, within the scope of approval provided in the applicable sub-paragraph, be subjected to a duty, in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, in an amount equal to or less than the customs value of the said imported goods as may be prescribed by a Cabinet Order, specifying the country and goods.

- (1) Any country which is a member of the World Trade Organization and which is considered to be in a state of nullifying or impairing the interests granted, directly or indirectly, to Japan under the WTO Agreement or hampering the achievement of the purpose of the WTO Agreement: Approval of the Dispute Settlement Body provided for in Article 2 of the Understanding on Rules and Procedures Governing the Settlement of Disputes in Annex 2 to the WTO Agreement for suspending concessions or other obligations against the said country.
- (2) Any country which is a member of the World Trade Organization and whose subsidy system falling under 8.2 of Article 8 of the Agreement on Subsidies and Countervailing

Measures (referred to as the "Agreement on Subsidy Countervailing Measures" in the rest of this article and in the next article) in Annex 1A to the WTO Agreement is causing serious injury to a Japanese industry: Approval by the Committee on Subsidies and Countervailing Measures provided for in Article 24 of the Agreement on Subsidy Countervailing Measures; under Article 9 of the Agreement on Subsidy Countervailing Measures, for taking countermeasures against the said country.

2. With regard to imported goods which are exported from or through any country which treats any vessel or aircraft of Japan or any goods exported from or through Japan less favorably than any vessel or aircraft of any other country or any goods exported from or through such other country, there may be levied upon such imported goods a duty, in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, in an amount equal to or less than the customs value of the said imported goods as may be prescribed by a Cabinet Order, specifying the country and goods. However, the foregoing provision shall not apply to cases which are to be settled through the procedures of the Dispute Settlement Body provided for in subparagraph (1) of the preceding paragraph.

3. In addition to the matters as provided for in the preceding two paragraphs, any necessary matters relating to the application of these provisions shall be prescribed by a Cabinet Order.

(Countervailing Duty)

Article 7. In cases where the importation of goods whose production or exportation is directly or indirectly subsidized by a foreign country causes or threatens to cause material injury to a Japanese industry (i.e., only such Japanese industry as is producing the same kind of goods as the imported goods so subsidized; this limitation shall apply in the rest of this article) or materially retards the establishment of such Japanese industry (this fact is to be referred to as a "fact of material injury, etc. to a Japanese industry" in the rest of this article), if it is considered necessary in order to protect the Japanese industry concerned, customs duty in an amount equal to or less than the amount of the said subsidy (referred to as the "countervailing duty" in the rest of this article), in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, may, as may be prescribed by a Cabinet Order and specifying (a) the goods, (b) the exporter or producer of the goods (referred to as the "supplier" in the rest of this article and in the next article) or the exporting country or country of origin (including any territory which is part of the country; hereinafter referred to as the "supplying country" in the rest of this article and in the next article) and (c) the period (which shall not exceed five years), be levied on those specified goods which relate to the specified supplier or supplying country (referred to as "specified goods" in the rest of this article) and which are imported during the specified period. However, the foregoing provisions shall not apply to cases where a measure as provided for in paragraph 1 of

the preceding article (only such measures as are related to sub-paragraph (1)) or any other measure approved by the Dispute Settlement Body provided for in the said sub-paragraph is taken on the grounds of the fact of material injury, etc. to a Japanese industry by the importation of the goods so subsidized.

2. In this article, "subsidy" means any subsidy provided for in Article 1 of the Agreement on Subsidy Countervailing Measures other than those subsidies which are not subject to countervailing duty under Article 13 of the Agreement on Agriculture in Annex 1A to the WTO Agreement or under 8.1 and 8.2 of Article 8 of the Agreement on Subsidy Countervailing Measures.

3. In addition to the case provided for in paragraph 1, if there are goods whose production or exportation is directly or indirectly subsidized by a foreign country (in the case of the goods provided for in sub-paragraph (3), only those goods directly or indirectly subsidized in respect of their exportation in violation of the applicable provisions of a treaty) and which are those specified goods against which a measure is taken under paragraph 10 (referred to as a "provisional measure" in the rest of this paragraph) and which were imported within the period as enumerated in any of the following sub-paragraphs in accordance with the classification of products prescribed therein, there may be levied upon such goods, as may be prescribed by a Cabinet Order, a countervailing duty in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff. In this case, the amount of countervailing duty which may be levied upon such goods imported during the period for which the provisional measure has been applied shall not exceed the amount of security ordered to be provided in accordance with the provisions of paragraph 10.

(1) Goods the importation of which is considered to have caused material injury to a Japanese industry (including those goods whose importation would have caused material injury to a Japanese industry had the provisional measure not been taken; this inclusion shall also apply in the next sub-paragraph) (excluding the goods falling under sub-paragraph (2) or (3)): The period for which the provisional measure was taken.

(2) Goods against which a provisional measure has been taken as a result of violation of an undertaking accepted under paragraph 9 (including the case where this paragraph is applied *mutatis mutandis* under paragraphs 15, 21, and 25 and including the case where the provisions of paragraph 21 are applied *mutatis mutandis* under paragraph 28; the same shall also apply in paragraphs 10 and 28) and whose importation is considered to have caused material injury to a Japanese industry: The period commencing on the date which is 90 days prior to the date of application of the provisional measure or the date of violation of the accepted undertaking, whichever is the later, and ending on the date preceding the day on which specification was made under paragraph 1.

(3) Goods the massive imports of which are considered to have caused injury to a Japanese industry which is difficult to repair and for which the levying of countervailing duty is considered to be required in order to prevent its recurrence: The period commencing on the date which is 90 days prior to the date of application of the provisional measure and ending on the date preceding the day on which specification was made under paragraph 1.

4. Countervailing duties as provided for in the preceding paragraph shall be paid by the importer of the goods on which the countervailing duties are to be levied.

5. Any person who has an interest in the Japanese industry provided for in paragraph 1 may, as may be prescribed by a Cabinet Order, submit to the Government sufficient evidence concerning the fact of importation of subsidized goods and the fact of material injury, etc. to the Japanese industry caused by such importation and request the Government to levy a countervailing duty on those goods.

6. In the case where a request is made under the preceding paragraph or where there is sufficient evidence concerning the fact of importation of subsidized goods and the fact of material injury, etc. to a Japanese industry caused by such importation, if the Government considers it necessary, it shall conduct an investigation to determine whether those facts actually exist.

7. The investigation as provided for in the preceding paragraph shall be completed within one year from the date on which it was initiated. However, where special circumstances demand, the period may be extended for a maximum of six months.

8. In the case where an investigation has been initiated under paragraph 6, the authorities of the supplying country or the exporter of the goods covered by the investigation may offer to the Government such undertaking as provided for in any of the following sub-paragraphs in accordance with the categories enumerated therein (in the case of an undertaking offered in accordance with sub-paragraph (2); it shall be accompanied by the consent of the authorities of the supplying country of the said goods).

(1) Authorities of the supplying country of the goods covered by the investigation: An undertaking to eliminate or limit the subsidies with regard to the said goods or to take appropriate measures for eliminating the effect of the subsidies on the Japanese industry.

(2) Exporters of the goods covered by the investigation: An undertaking to revise prices of the goods so that the adverse effect of subsidies for the goods on the Japanese industry will be eliminated.

9. In the case where an undertaking is offered under any of the sub-paragraphs of the preceding paragraph, the Government may accept it (whose effective period shall not exceed five years) if there is sufficient evidence to infer the fact of importation of subsidized goods and the fact of material injury, etc. to the Japanese industry caused by such importation. When the Government has accepted the offered undertaking, it may terminate the investigation provided for in paragraph 6, except when the authorities of the supplying country of the goods covered by the said undertaking wish to have the investigation completed as prescribed in the said paragraph.

10. If, after the expiry of 60 days from the date on which an investigation was initiated under paragraph 6 but before the completion thereof, there is sufficient evidence (or the best information available in the case of violation of an undertaking accepted under the preceding paragraph) to infer the fact of importation of subsidized goods and the fact of material injury, etc. to a Japanese industry caused by such importation and if it is considered necessary in order to protect the Japanese industry concerned, then the Government may, as may be prescribed by a Cabinet Order and specifying the goods, the supplier or the supplying country of the goods, and the period (not exceeding four months), order the person who intends to import the goods concerned to provide security in the amount estimated to be equivalent to the subsidies for the goods to be imported within the said specified period in order to preserve the countervailing duties to be levied under paragraph 3. However, the foregoing provisions shall not apply in cases where a measure as provided for in paragraph 1 of the preceding article (only such measures as are related to sub-paragraph (1)) or any other measure approved by the Dispute Settlement Body provided for in the said sub-paragraph is taken on the grounds of the fact of material injury, etc. to the Japanese industry.

11. When the Government has accepted an undertaking under paragraph 9 with respect to the goods against which the measure provided for in the preceding paragraph has been taken, it shall, as may be prescribed by a Cabinet Order, rescind the measure.

12. When an investigation as provided for in paragraph 6 has been completed, the Government shall promptly release the security provided under paragraph 10, except where a countervailing duty is to be levied under paragraph 3. The foregoing provision shall also apply to any excess of security provided under paragraph 10 over the amount of the countervailing duty to be levied under paragraph 3.

13. In the case where a countervailing duty is levied against a specified supplying country under paragraph 1, any supplier of specified goods who is not subject to the investigation as provided for in paragraph 6 or 19 (referred to as an "uninvestigated supplier" in the rest of this paragraph) may, as may be prescribed by a Cabinet Order, request the Government to alter or abolish the

countervailing duty levied under paragraph 1 on the goods relating to the uninvestigated supplier by producing sufficient evidence to prove that the amount of countervailing duty levied on the said goods is different from the actual amount of the subsidies for the goods.

14. In the case where a request is made under the preceding paragraph or in the case where there is sufficient evidence to prove that the amount of countervailing duty levied under paragraph 1 on the goods relating to the uninvestigated supplier is different from the actual amount of the subsidies for the goods and where the Government considers it necessary, it shall conduct an investigation to determine whether those facts actually exist.

15. The provisions of paragraphs 7, 8 (excluding sub-paragraphs (1)), and 9 shall apply *mutatis mutandis* in the case where the investigation provided for in the preceding paragraph has been initiated. In this case, the phrase "within one year" in the first sentence of paragraph 7 shall be read as "promptly within one year."

16. If with regard to such goods relating to an uninvestigated supplier as are investigated under paragraph 14, it is established that the amount of the countervailing duty levied on the goods under paragraph 1 is different from the actual amount of the subsidies for the goods, the countervailing duty levied under the said paragraph may, as may be prescribed by a Cabinet Order, be altered or abolished for the goods relating to the uninvestigated supplier.

17. In the case where there are any changes in circumstances provided for in the following sub-paragraphs with regard to specified goods, if it is considered necessary, the countervailing duty levied under paragraph 1 may, as may be prescribed by a Cabinet Order, be altered (including an alteration of the period specified under the said paragraph; this inclusion is also applicable in the rest of this paragraph and in the next paragraph) or abolished. In the case where the countervailing duty levied under paragraph 1 is to be altered, if it is considered necessary in view of both of the changes in circumstances provided for in the following sub-paragraphs, the period specified under the said paragraph may be extended.

- (1) Changes in the circumstances relating to the subsidies for the specified goods.
- (2) Changes in the circumstances concerning the fact of material injury, etc. to the Japanese industry caused by the importation of the specified goods.

18. Any supplier of specified goods or an association of such suppliers, any importer of specified goods or an association of such importers, or any person who has an interest in the Japanese industry provided in paragraph 1 may, as may be prescribed by a Cabinet Order, request the Government, after the expiry of one year from the first day of the period specified under the said paragraph, to alter or abolish the countervailing duty levied under the said paragraph by

producing sufficient evidence to prove that there is such change in circumstances as is provided for in sub-paragraph (1) or (2) of the preceding paragraph.

19. In the case where a request is made under the preceding paragraph or in any other case where there is sufficient evidence for such change in circumstances as is provided for in sub-paragraph (1) or (2) of paragraph 17, if it is considered necessary, the Government shall conduct an investigation to determine whether the change has actually taken place.

20. The investigation as provided for in the preceding paragraph shall be completed within one year from the day on which it was initiated. However, the period may be extended to such an extent as deemed necessary due to any special reason.

21. The provisions of paragraphs 8 and 9 shall apply *mutatis mutandis* to the case where the investigation provided for in paragraph 19 is initiated.

22. In the case where a countervailing duty is levied under paragraph 1, if it is considered that the importation of subsidized goods and the fact of material injury, etc. to the Japanese industry caused by such importation are likely to continue or recur after the expiry of the period specified under the said paragraph, the specified period may be extended as may be prescribed by a Cabinet Order.

23. Any person who has an interest in such Japanese industry provided for in paragraph 1 as related to specified goods may, as may be prescribed by a Cabinet Order, request the Government, no later than one year prior to the last day of the period specified under the said paragraph, to extend the specified period by producing sufficient evidence for the likelihood that the importation of subsidized specified goods and the fact of material injury, etc. to the Japanese industry caused by such importation will continue or recur after the expiry of the specified period.

24. In the case where a request is made under the preceding paragraph or in any other case where there is sufficient evidence showing the likelihood that the importation of subsidized specified goods and the fact of material injury, etc. to the Japanese industry caused by such importation will continue or recur after the expiry of the period specified under paragraph 1, if it is considered necessary, the Government shall conduct an investigation to determine whether the likelihood actually exists.

25. The provisions of paragraphs 8, 9, and 20 shall apply *mutatis mutandis* in the case where the investigation provided for in the preceding paragraph is initiated.

26. For the purpose of application of the provisions of paragraph 1, specified goods imported within the period from the day when the investigation provided for in paragraph 24 is initiated to the day when it is completed shall be deemed to have been imported within a period specified under paragraph 1.

27. When a period specified under paragraph 1 is to be extended under paragraph 17 or 22, the period of extension shall, according to the cases provided for in the following sub-paragraphs, be limited to five years from the dates specified in the following sub-paragraphs. The foregoing provision shall also apply to cases where such extended period is extended.

- (1) Cases where a specified period is extended under paragraph 17: The date on which an investigation provided for in paragraph 19 has been completed.
- (2) Cases where a specified period is extended under paragraph 22: The date on which an investigation provided for in paragraph 24 has been completed.

28. The provisions of paragraphs 17 to 21 and of the preceding paragraph (excluding sub-paragraph (2)) shall apply *mutatis mutandis* to cases where an undertaking accepted under paragraph 9 is to be altered (including an extension of an effective period).

29. If the amount of countervailing duty paid by an importer of specified goods exceeds the amount of actual subsidies for the specified goods, the importer may, as may be prescribed by a Cabinet Order, request the Government, by producing sufficient evidence for the such fact, to refund such amount of countervailing duty as is corresponding to the excess (referred to as a "refundable amount" in the next paragraph).

30. In the case where a request is made under the preceding paragraph, the Government shall investigate whether there is any refundable amount and other necessary matters and, depending upon the results of the investigation, refund countervailing duty within the limit of the requested amount or notify the person who made the request that it is without grounds, without delay.

31. The investigation as provided for in the preceding paragraph shall be completed within one year from the date when a request is made under paragraph 29. However, where special circumstances demand, the period may be extended for a maximum of six months.

32. The provisions of paragraphs (2) to (7) of Article 13 (Refund and appropriation) of the Customs Law shall apply *mutatis mutandis* to cases where a countervailing duty is refunded under any of the provisions of paragraph 29 to the preceding paragraph. In this case, the period as provided for in paragraph 2 of Article 13 of the said law for which additional refund money as provided in the said paragraph is to be calculated shall begin on the day following the day on which a request for

refund was made under paragraph 29.

33. In addition to the matters as provided for in the preceding paragraphs, any necessary matters relating to the application of countervailing duty shall be prescribed by a Cabinet Order.

(Anti-dumping Duty)

Article 8. In cases where the importation of dumped goods (dumping means any sale of goods for export at a price that is lower than the price for the like goods in the ordinary course of trade when destined for consumption in the exporting country or any other similar price as prescribed by a Cabinet Order (referred to as a "normal price" in the rest of this article); this definition of dumping shall apply in the rest of this article) causes or threatens to cause material injury to a Japanese industry (i.e., only such Japanese industry as is producing the same kind of goods as the dumped goods; this limitation shall apply in the rest of this article) or materially retards the establishment of such Japanese industry (this fact is to be referred to as a "fact of material injury, etc. to a Japanese industry" in the rest of this article), if it is considered necessary to protect the Japanese industry concerned, customs duty in an amount equal to or less than the difference between the normal price and the dumped price of the said goods (such difference to be referred to as a "dumping difference" and such duty as "anti-dumping duty" in the rest of this article), in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, may, as may be prescribed by a Cabinet Order and specifying (a) the goods, (b) the supplier of the goods or the supplying country and (c) the period (which shall not exceed five years), be levied on those specified goods which relate to the specified supplier or supplying country (referred to as "specified goods" in the rest of this article) and which are imported during the specified period.

2. In addition to the case provided for in the preceding paragraph, if there are specified dumped goods against which a measure is taken under paragraph 9 (referred to as a "provisional measure" in the rest of this paragraph) and which were imported within the period, as enumerated in any of the following sub-paragraphs, according to the classification of products therein, there may be levied upon such goods, as may be prescribed by a Cabinet Order, an anti-dumping duty in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff. In this case, the amount of anti-dumping duty which may be levied upon such goods imported during the period for which the provisional measure has been applied shall not exceed the amount of provisional duty levied in accordance with the provisions of sub-paragraph (1) of paragraph 9 or the amount of security which was ordered to be provided in accordance with the provisions of sub-paragraph (2) of the said paragraph.

- (1) Goods the importation of which is considered to have caused material injury to a Japanese industry (including those goods whose importation would have caused material injury to a Japanese industry had the provisional measure not been taken; this inclusion shall also

apply in the next sub-paragraph) (excluding the goods falling under sub-paragraph (2) or (3)): The period for which the provisional measure was taken.

- (2) Goods against which a provisional measure has been taken as a result of violation of an undertaking accepted under paragraph 8 (including the case where this paragraph is applied *mutatis mutandis* under paragraphs 14, 24, and 28 and including the case where the provisions of paragraph 24 are applied *mutatis mutandis* under paragraph 31; the same is also applicable in paragraphs 9 and 31) and whose importation is considered to have caused material injury to a Japanese industry: The period commencing on the date which is 90 days prior to the date of application of the provisional measure or the date of violation of the accepted undertaking, whichever is the later, and ending on the date immediately preceding the day on which specification was made as prescribed in the preceding paragraph.
- (3) Goods the massive imports of which are considered to have caused a fact of material injury, etc. to a Japanese industry, which fall under any of the goods enumerated in the following sub-paragraphs, and with respect to which, it is considered difficult to prevent any recurrence of the fact of material injury, etc. to the Japanese industry simply by levying an anti-dumping duty under the preceding paragraph in view of the time of such importation, the volume of goods thus imported, and other conditions: The period commencing on the date which is 90 days prior to the date of application of the provisional measure or the date of initiating an investigation, whichever is the later, and ending on the date immediately preceding the day on which specification was made as prescribed in the preceding paragraph.
 - A. Goods dumping of which caused a fact of material injury, etc. to a Japanese industry in the past.
 - B. Goods which were dumped and with respect to which the importer knew or ought to have known that the importation of those goods would cause a fact of material injury, etc. to a Japanese industry.

3. Anti-dumping duties as provided for in the preceding paragraph shall be paid by the importer of the goods on which the anti-dumping duties are to be levied. In this case, if provisional duties levied under sub-paragraph (1) of paragraph 9 have been paid for the said goods, it shall be deemed that the said anti-dumping duties have been paid.

4. Any person who has an interest in the Japanese industry provided for in paragraph 1 may, as may be prescribed by a Cabinet Order, submit to the Government sufficient evidence concerning the fact of importation of dumped goods and the fact of material injury, etc. to the Japanese industry caused by the importation and request the Government to levy an anti-dumping duty on those goods.

5. In the case where a request is made under the preceding paragraph or where there is sufficient evidence concerning the fact of importation of dumped goods and the fact of material injury, etc. to the Japanese industry caused by the importation, if the Government considers it necessary, it shall conduct an investigation to determine whether those facts actually exist.

6. The investigation as provided for in the preceding paragraph shall be completed within one year from the date on which it was initiated. However, where special circumstances demand, the period may be extended for a maximum of six months.

7. In the case where an investigation has been initiated under paragraph 5, the exporter of the goods covered by the said investigation may offer a price undertaking to the Government in order to revise the price of the goods so as to eliminate any adverse effect of the dumping of those goods on the Japanese industry or an undertaking to discontinue the exportation of those goods.

8. In the case where an undertaking is offered under the preceding paragraph, the Government may accept it (whose effective period shall not exceed five years) if there is sufficient evidence to infer the fact of importation of dumped goods and the fact of material injury, etc. to the Japanese industry caused by the importation. When the Government has accepted the offered undertaking, it may terminate the investigation provided for in paragraph 5, except when the exporter of the goods covered by the said undertaking wishes to have the investigation completed as prescribed in the said paragraph.

9. If, after the expiry of 60 days from the date when an investigation was initiated under paragraph 5 but before the completion thereof, there is sufficient evidence (or the best information available in the case of violation of an undertaking accepted under the preceding paragraph) to infer the fact of importation of dumped goods and the fact of material injury, etc. to a Japanese industry caused by such importation and if it is considered necessary in order to protect the Japanese industry concerned, then the Government may, as may be prescribed by a Cabinet Order and specifying the goods, the supplier or the supplying country of the goods, and the period (not exceeding nine months as may be prescribed by a Cabinet Order), take, with regard to the specified goods relating to the specified supplier or supplying country to be imported during the said specified period, either of the measures provided for in the following sub-paragraphs against the person who intends to import the said goods.

- (1) Levying of a provisional duty in an amount equivalent to or less than the amount of difference between the estimated normal price of the goods and the estimated dumped price thereof.
- (2) Ordering of security in an amount equivalent to the provisional duty provided for in the preceding sub-paragraph to be provided in order to preserve the anti-dumping duty

provided for in paragraph 2.

10. When the Government has accepted an undertaking under paragraph 8 with respect to the goods against which the measure provided for in the preceding paragraph has been taken, it shall, as may be prescribed by a Cabinet Order, rescind the measure.

11. When an investigation as provided for in paragraph 5 has been completed, the Government shall promptly refund or release the provisional duty levied or the security provided under paragraph 9, except where a countervailing duty is to be levied as prescribed in paragraph 2. The foregoing provision shall also apply to any excess of the provisional duty levied or security provided under paragraph 9 over the amount of the anti-dumping duty to be levied under paragraph 2.

12. A new supplier (which, in the case where anti-dumping duty is to be levied specifying a supplying country under paragraph 1, means a supplier other than (i) the suppliers of the specified goods imported into Japan within the period of investigation as provided for in paragraph 5 or 22 and (ii) such persons having relations with them as may be designated by a Cabinet Order; this is also applicable hereinafter in this article) may, as may be prescribed by a Cabinet Order, request the Government, by producing sufficient evidence for the fact that the amount of the anti-dumping levied under paragraph 1 on the goods relating to the new supplier is different from the actual amount of dumping difference, to alter or abolish the said anti-dumping duty levied on the goods relating to the new supplier.

13. In cases (a) where a request is made under the preceding paragraph or (b) where there is sufficient evidence to prove that the amount of anti-dumping duty levied under paragraph 1 on the goods relating to a new supplier is different from the actual amount of dumping difference for the goods and the Government considers it necessary, it shall conduct an investigation to determine whether the fact actually exists.

14. The provisions of paragraphs 6 to 8 shall apply *mutatis mutandis* to cases where the investigation provided for in the preceding paragraph is initiated. In this case, the phrase "within one year" in the first sentence of paragraph 6 shall be read as "promptly within one year."

15. When the investigation provided for in paragraph 13 has been initiated, the anti-dumping duty as provided for in paragraph 1 shall not, notwithstanding the provisions of the latter paragraph, be levied on the goods which are exported or produced by the new supplier covered by the investigation and which are imported within the period from the day when the investigation was initiated to the day when it is completed (referred to as "within the investigation period" in

paragraphs 17 and 18), and except where the anti-dumping duty levied under the said paragraph is altered or maintained under the next paragraph, the anti-dumping duty levied under paragraph 1 on the goods exported or produced by the new supplier covered by the investigation shall, as may be prescribed by a Cabinet Order, be abolished from the day on which the investigation was initiated.

16. If any dumping difference is found with respect to the goods relating to the new supplier under the investigation of paragraph 13, the anti-dumping duty levied under paragraph 1 may, as may be prescribed by a Cabinet Order and specifying the period (which shall be within the period from the day on which the investigation was initiated to the last day of the period specified under paragraph 1 for such anti-dumping duty levied under the said paragraph as is relating to the said investigation), be altered or maintained with respect to those goods relating to the said new supplier which are imported during the period so specified.

17. In the case provided in the preceding paragraph, the anti-dumping duty levied on goods imported within the investigation period shall be paid by the importer of the goods on which the anti-dumping duty is levied, and the amount of the said anti-dumping duty shall not exceed the amount equivalent to such anti-dumping duty under paragraph 1 as is not to be levied under paragraph 15.

18. In the case where the Government is to alter or maintain, under paragraph 16, the anti-dumping duty levied under paragraph 1, it may, as may be prescribed by a Cabinet Order, order any person (who intends to import within the investigation period goods exported or produced by the new supplier covered by such investigation as is provided for in paragraph 13) to provide security, in order to preserve such anti-dumping duty under paragraph 1 so altered or maintained as will be levied on goods imported within the investigation period, in an amount equal to or less than the amount of such anti-dumping duty under paragraph 1 as is not to be levied under paragraph 15.

19. In the case where an investigation as provided for in paragraph 13 has been completed, if the Government abolishes, under paragraph 15, the anti-dumping duty levied under paragraph 1, it shall promptly release the security provided under the preceding paragraph. The foregoing provision shall also apply to any excess of security provided under the said paragraph over the amount of such anti-dumping duty levied under paragraph 1 as is altered by paragraph 16.

20. In the case where there are any changes in circumstances provided for in the following subparagraphs with regard to specified goods, if it is considered necessary, the anti-dumping duty levied under paragraph 1 may, as may be prescribed by a Cabinet Order, be altered (including

alteration of the period specified under the said paragraph; this inclusion is also applicable in the rest of this paragraph and in the next paragraph) or abolished. In the case where the anti-dumping duty levied under paragraph 1 is to be altered, if it is considered necessary in view of both of the changes in circumstances provided for in the following sub-paragraphs, the period specified under the said paragraph may be extended.

- (1) Changes in the circumstances relating to the dumping of the specified goods.
- (2) Changes in the circumstances concerning the fact of material injury, etc. to the Japanese industry caused by the importation of the specified goods.

21. Any supplier of specified goods or association of such suppliers, any importer of specified goods or association of such importers, or any person who has an interest in the Japanese industry provided for in paragraph 1 may, as may be prescribed by a Cabinet Order, request the Government, after the expiry of one year from the first day of the period specified under the said paragraph, to alter or abolish the anti-dumping duty levied under the said paragraph by producing sufficient evidence to prove that there is such change in circumstances as is provided for in sub-paragraph (1) or (2) of the preceding paragraph.

22. In the case where a request is made under the preceding paragraph or in any other case where there is sufficient evidence for such change in circumstances as is provided for in the sub-paragraph (1) or (2) of paragraph 20, if it is considered necessary, the Government shall conduct an investigation to determine whether the said change has actually taken place.

23. The investigation as provided for in the preceding paragraph shall be completed within one year from the date on which it was initiated. However, the period may be extended to such an extent as deemed necessary due to any special reason.

24. The provisions of paragraphs 7 and 8 shall apply *mutatis mutandis* to cases where the investigation provided for in paragraph 22 is initiated.

25. In cases where an anti-dumping duty is levied under paragraph 1, if it is considered that the importation of dumped goods and the fact of material injury, etc. to the Japanese industry caused by such importation are likely to continue or recur after the expiry of the period specified under the said paragraph, the specified period may be extended as may be prescribed by a Cabinet Order.

26. Any person who has an interest in the Japanese industry provided for in paragraph 1 which is related to specified goods may, as may be prescribed by a Cabinet Order, request the Government, no later than one year prior to the last day of the period specified under the said

paragraph, to extend the specified period by producing sufficient evidence showing the likelihood that the importation of dumped specified goods and the fact of material injury, etc. to the Japanese industry caused by such importation will continue or recur after the expiry of the specified period.

27. In the case where a request is made under the preceding paragraph or in any other case where there is sufficient evidence supporting the likelihood that the importation of dumped specified goods and the fact of material injury, etc. to the Japanese industry caused by such importation will continue or recur after the expiry of the period specified under paragraph 1, if it is considered necessary, the Government shall conduct an investigation to determine as to whether the likelihood actually exists.

28. The provisions of paragraphs 7, 8, and 23 shall apply *mutatis mutandis* in the case where the investigation provided for in the preceding paragraph is initiated.

29. For the purpose of application of the provisions of paragraph 1, specified goods imported within the period from the day when the investigation provided for in paragraph 27 is initiated to the day when it is completed shall be deemed to have been imported within the period specified under paragraph 1.

30. When a period specified under paragraph 1 is to be extended under paragraph 20 or 25, the period of extension shall, according to the cases prescribed in the following sub-paragraphs, be limited to five years from the dates specified in the following sub-paragraphs. The foregoing provision shall also apply in the case where such extended period is extended.

(1) Cases where a specified period is extended under paragraph 20: The date when an investigation as provided for in paragraph 22 has been completed.

(2) Cases where a specified period is extended under paragraph 25: The date when an investigation as provided for in paragraph 27 has been completed.

31. The provisions of paragraphs 20 to 24 and of the preceding paragraph (excluding sub-paragraph (2)) shall apply *mutatis mutandis* to cases where an undertaking accepted under paragraph 8 is to be modified (including the extension of an effective period).

32. If the amount of anti-dumping duty paid by an importer of specified goods exceeds the amount of actual dumping difference of the specified goods, the importer may, as may be prescribed by a Cabinet Order, request the Government, by producing sufficient evidence for such fact, to refund such amount of anti-dumping duty as is corresponding to the excess (referred to as a "refundable amount" in the next paragraph).

33. In the case where a request is made under the preceding paragraph, the Government shall investigate whether there is any refundable amount as well as other necessary matters and, depending upon the results of the investigation, refund anti-dumping duty within the limit of the requested amount or notify the person who made the request that it is without grounds, without delay.

34. The investigation as provided for in the preceding paragraph shall be completed within one year from the date when a request is made under paragraph 32. However, where special circumstances demand, the period may be extended for a maximum of six months.

35. The provisions of paragraphs 2 to 7 of Article 13 (Refund and appropriation) of the Customs Law shall apply *mutatis mutandis* to cases where an anti-dumping duty is refunded under any of the provisions of paragraph 32 to the preceding paragraph. In this case, the period as provided for in paragraph 2 of Article 13 of the said law for which additional refund money as provided in the said paragraph is to be calculated shall begin on the day following the day on which a request for refund was made under paragraph 32.

36. In the case where a domestic sale of the goods imported by an importer associated with an exporter is made at a price less than the selling price for exportation of such goods and the normal price thereof, the domestic sale shall be deemed to be the importation of dumped goods for the purpose of application of the preceding paragraphs.

37. In addition to the matters as provided for in the preceding paragraphs, any necessary matters relating to the application of anti-dumping duty shall be prescribed by a Cabinet Order.

(Emergency Duty, etc.)

Article 9. In cases where there is an increase in the imports of a specific kind of goods (including an increase in the ratio of such imports to the total domestic production in Japan) resulting from a decline in the price thereof overseas or from an unforeseen development of circumstances (referred to as "fact of increased imports of a specific kind of goods" in the rest of this article) and where the importation of the said goods causes or threatens to cause serious injury to such Japanese industry as involved in the production of goods which are of the same kind as the said goods or which compete directly with the said goods in terms of use (referred to as "fact of serious injury, etc. to a Japanese industry" in the rest of this article), if it is found that there is urgent need for the purposes of the national economy, the measures enumerated in the following subparagraphs may be taken, as may be prescribed by a Cabinet Order and specifying the goods and the period (which shall not exceed four years, including such period as may be specified under paragraph 8). However, when the goods to be so specified include those goods whose country of

origin is a developing country which is a member of the World Trade Organization and the ratio of whose imports to the total imports of the said goods into Japan is small (referred to as “developing country’s product imported in small quantities” in the rest of this paragraph and in paragraph 8), those goods shall be excluded from such specification.

- (1) To levy on all the specified goods imported within a specified period or on any excess of those goods over a certain quantity or value, in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, a duty in an amount equal to or less than the amount corresponding to the difference between the customs value of the said goods and the wholesale price in Japan (which is considered to be appropriate) of identical or similar goods (in the case of similar goods, the wholesale price in Japan after such adjustment as is considered reasonably necessary in view of any price difference caused by differences in the nature of those goods and in the means of transaction) minus the amount of customs duty chargeable at the applicable rate prescribed in the Annexed Tariff.
 - (2) In the case where Japan has granted a tariff concession on specified goods under the Marrakesh Protocol to the General Agreement on Tariffs and Trade of 1994 in Annex 1A to the WTO Agreement or under a treaty based on the General Agreement on Tariffs and Trade of 1994 (referred to as the “General Agreement” in the rest of this article) in Annex 1A to the WTO Agreement, to withdraw the concession or modify the concession within the limit of the applicable rate of duty prescribed in the Annexed Tariff (in the case where the measure as provided for in the preceding sub-paragraph has been taken, within the limit of the rate of duty including the customs duty chargeable in accordance with the said sub-paragraph; the same shall apply in the rest of this sub-paragraph) for all those specified goods imported within a specified period or for any excess of those goods over a certain quantity or value under the provisions of paragraph 1 of Article 19 of the General Agreement (Emergency action on imports of particular products) and of the Agreement on Safeguards (referred to as the “Safeguard Agreement” in the rest of this article) in Annex 1A to the WTO Agreement and to levy upon such imported goods customs duty at the applicable rate prescribed in the Annexed Tariff or at the modified rate.
2. In the case where the measure as provided for in the preceding paragraph is taken, if the period to be specified under the said paragraph exceeds one year, the said measure shall be liberalized for each part of the period to be specified.
 3. In the case where the measure as provided for in sub-paragraph (2) of paragraph 1 or any other measure as provided for in paragraph 1 of Article 19 of the General Agreement or in the Safeguard Agreement is to be taken or has been taken with respect to specific goods, a tariff concession on goods other than the said goods may be modified or a tariff concession may be newly granted on

goods for which no tariff concession has so far been granted, as may be prescribed by a Cabinet Order, through negotiations based on the provisions of paragraph 2 of Article 19 (Formalities for emergency action) of the General Agreement and the Safeguard Agreement, so that the rate of duty after the modified or newly granted tariff concession may be applied.

4. In the case where a foreign country has withdrawn or modified a tariff concession or taken any other measure on specific goods (referred to as "foreign country's emergency measure" in the rest of this paragraph and in the next paragraph) under paragraph 1 of Article 19 of the General Agreement and the Safeguard Agreement, if it is considered that there are such circumstances as are provided for in sub-paragraph (a) (Measures against emergency action) of paragraph 3 of Article 19 of the General Agreement and the Safeguard Agreement or sub-paragraph (b) (Measures against emergency action in urgent situation) of paragraph 3 of Article 19 of the General Agreement, any of the measures enumerated in the following sub-paragraphs may be taken within respect to imported goods, as may be prescribed by a Cabinet Order, specifying the goods (or the country and the goods in the case where a measure as provided for in sub-paragraph (a) of paragraph 3 of Article 19 of the General Agreement and the Safeguard Agreement is taken). However, the foregoing provisions shall not apply, with respect to measures taken under sub-paragraph (a) of paragraph 3 of Article 19 of the General Agreement and the Safeguard Agreement, in the case where the foreign country's emergency measure has been taken under the Safeguard Agreement in response to the fact of increased imports of the specified goods into the foreign country and where three years have not passed since the day on which the said foreign country's emergency measure was introduced.

- (1) To levy upon the said goods, in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, a duty in an amount equivalent to or less than the customs value of the said imported goods.
- (2) In the case where Japan has granted a tariff concession on the said goods under the Marrakesh Protocol or under a treaty based on the General Agreement, to suspend application of the said tariff concession and to impose a customs duty at a rate of duty within the limit of the applicable rate prescribed in the Annexed Tariff (in the case where a measure as provided for in the preceding sub-paragraph has been taken, within the limit of the rate of duty including the customs duty chargeable under the said sub-paragraph).

5. The measures as provided for in paragraph 3 or the preceding paragraph shall be taken with due consideration such that their respective effects do not exceed the level necessary for compensating for the measure provided for in sub-paragraph (2) of paragraph 1 or any other measure under paragraph 1 of Article 19 of the General Agreement and the Safeguard Agreement or for serving as countermeasures against a foreign country's emergency measure and such that their impact on its national economy is kept to the minimum.

6. In the case where there is sufficient evidence supporting the fact of increased imports of specific goods and the fact of serious injury, etc. to a Japanese industry, if it is considered necessary, the Government shall conduct an investigation to determine whether those facts actually exist.

7. The investigation as provided for in the preceding paragraph shall be completed within one year from the day on which it was initiated. However, the period may be extended to such an extent as deemed necessary due to any special reason.

8. In cases where the investigation as provided for in paragraph 6 has been initiated, if, before the completion of the investigation, there is sufficient evidence to infer the fact of increased imports of a specific kind of goods and the fact of serious injury, etc. to a Japanese industry and if it is found that there is urgent need for the purposes of the national economy, then the Government may, as may be prescribed by a Cabinet Order, specifying the goods and the period (not to exceed 200 days), take the measures enumerated in the following sub-paragraphs. However, when the goods to be so specified include a developing country's product imported in small quantities, the said country's product imported in small quantities shall be excluded from such specification.

(1) To levy on all the specified goods imported within a specified period or on any excess of those goods over a certain quantity or value, in addition to customs duty chargeable at the applicable rate prescribed in the Annexed Tariff, a duty in an amount equal to or less than the amount corresponding to the difference between the customs value of the said goods and the wholesale price in Japan (which is considered to be appropriate) of identical or similar goods (in the case of similar goods, the wholesale price in Japan after such adjustment as is considered reasonably necessary in view of any price difference caused by differences in the nature of those goods and in the means of transaction) minus the amount of customs duty chargeable at the applicable rate prescribed in the Annexed Tariff.

(2) In the case where Japan has granted a tariff concession on specified goods under the Marrakesh Protocol or under a treaty based on the General Agreement, to withdraw the concession or modify the concession within the limit of the rate of duty prescribed in the Annexed Tariff (in the case where the measure as provided for in the preceding sub-paragraph has been taken, within the limit of the rate of duty including the customs duty chargeable in accordance with the said sub-paragraph; the same shall apply in the rest of this sub-paragraph) for all those specified goods imported within a specified period or for any excess of those goods over a certain quantity or value under the provisions of paragraph 1 of Article 19 of the General Agreement and of the Safeguard Agreement and to levy upon such imported goods customs duty at the applicable rate prescribed in the Annexed Tariff or at the modified rate.

9. When an investigation as provided for in paragraph 6 has been completed, the Government shall promptly refund the duty levied under the preceding paragraph, except where a measure is taken under paragraph 1. The foregoing provision shall also apply to any excess of duty levied under the preceding paragraph over the amount of duty had it been levied under paragraph 1 on those goods specified under the preceding paragraph which were imported within the period in which the said measure was taken under the preceding paragraph.

10. In the case where the measure as provided for in paragraph 1 is taken, if it is considered that the fact of serious injury, etc. to the Japanese industry due to increased imports of the goods specified thereunder will continue even after the expiry of the period specified under the said paragraph and if it is recognized that the Japanese industry provided for in the said paragraph is carrying out structural adjustment, then the said period specified may, as may be prescribed by a Cabinet Order, be extended for up to a maximum period of eight years, including the period specified under paragraph 8. In this case, the measure taken under paragraph 1 for the period thus extended shall be less import-restrictive than the measure taken under the said paragraph in the period preceding the said extended period.

11. The provisions of paragraphs 6 and 7 shall apply *mutatis mutandis* to cases where the period specified under paragraph 1 is extended under the preceding paragraph.

12. When the period specified under paragraph 1 exceeds three years, the Government shall, in the first half of the period, make a study with a view to withdrawing the measure provided for in the said paragraph or promoting the liberalization of the said measure.

13. For those goods with respect to which the measure as provided for in sub-paragraph (1) or (2) of paragraph 1 or any other measure as provided for in paragraph 1 of Article 19 of the General Agreement and the Safeguard Agreement (referred to as "emergency measure" in the rest of this paragraph) was taken, the measure as provided for in paragraph 1 or 8 may be taken only after the expiry of a period equivalent to the period for which the measure was taken or a period of two years, whichever is the longer, from the day on which the measure ceased to exist. However, the foregoing provision shall not apply in the case where the measure to be taken is for a period of up to 180 days (referred to as "short-term measure" in the rest of this paragraph) and falls under both of the following sub-paragraphs.

- (1) The short-term measure is to be taken on or after the day on which one year has passed since the first day of the most recent emergency measure already taken with respect to the goods to be covered by the short-term measure.
- (2) Emergency measures have not been taken three times or more in the past five years with respect to the goods to be covered by the short-term measure.

14. When the measure as provided for in paragraph 1, 3, or 4 has been taken, the Cabinet shall report the details thereof to the Diet without delay.

15. In addition to the matters as provided for in the preceding paragraphs, any necessary matters relating to the application of these provisions shall be prescribed by a Cabinet Order.

(Tariff Quota System)

Article 9-2. With regard to any goods, as may be prescribed by a Cabinet Order, for which a rate of duty is prescribed in the Annexed Tariff as being applicable only to a specific quantity, such rate of duty shall be applied only to those goods imported by the person who has received a quota allocated by the Government, within the limit of the said specific quantity, on the basis of the quantities of such goods which were actually, or are estimated to be, used and giving due consideration to the national economy, within the quantity of the quota he has received.

2. The method of allocating, and the procedure for receiving, the quota referred to in the preceding paragraph and other matters necessary for application of the provisions of the said paragraph shall be prescribed by a Cabinet Order.

(Reduction or Refund of Customs Duty in Case of Deterioration, Damage, etc.)

Article 10. In cases where any imported goods have deteriorated or have been damaged prior to their import permission (or prior to the approval, with regard to those goods which are approved under the provisions of paragraph 1 of Article 73 (Taking (Note: withdrawal from Customs) of goods prior to import permission) of the Customs Law), the customs duty chargeable upon the said goods may be reduced, as may be prescribed by a Cabinet Order, according to the rate of depreciation in value caused by the deterioration or damage of the said goods, or may be reduced, as may be prescribed by a Cabinet Order, by an amount equal to or less than the difference between the amount of duty chargeable, had the goods not deteriorated or not been damaged and the amount of duty to be determined, taking into account the nature and quantities of the goods so deteriorated or damaged. However, the reduction of customs duty based on the rate of depreciation (excluding the reduction of customs duty chargeable on the basis of quantity) shall not apply to the case where imported goods deteriorated or were damaged by the time of import declaration, etc.

2. In cases where goods with an import permission have been destroyed, have deteriorated or have been damaged owing to a disaster or any other unavoidable reason, while they were placed, after the import permission was given, in a hozei area or in any other area (referred to as "hozei area, etc." in paragraph 4) designated by the Director-General of Customs under the provisions of sub-paragraph (2) of paragraph 1 of Article 30 (Foreign goods stored, with permission, in areas

other than hozei areas) of the Customs Law, the customs duty paid for the goods may wholly or partially be refunded, as may be prescribed by a Cabinet Order.¹

3. In cases where the customs duty has not yet been paid on goods for which the time limit for payment of the customs duty has been extended under paragraphs 1 to 3 of Article 9-2 (Extension of Time Limit for Payment) of the Customs Law, if the customs duty is refundable when the provisions of the preceding paragraph are applied as if the customs duty on the goods were paid, then the amount equivalent to the amount of the refundable customs duty may, during the extended period only and as may be prescribed by a Cabinet Order, be deducted from the amount of the customs duty for which the time limit for payment has been extended. In this case, the provisions of the said Law shall be applied as if the customs duty in the amount equivalent to the deducted amount had been refunded under the said paragraph.

4. In cases where designated goods (which means such designated goods as are prescribed in paragraph 1 of Article 7-2 of the Customs Law; this definition also applies hereinafter in this paragraph and in paragraph 6 of Article 19, paragraph 4 of Article 19-2, and paragraphs 4 and 5 of Article 20) pertaining to a special declaration (which means such special declaration as is prescribed in paragraph 2 of Article 7-2 (Special Case of Declarations) of the Customs Law; this definition also applies in paragraph 6 of Article 19, paragraph 4 of Article 19-2, and paragraph 4 of Article 20) remain in a hozei area, etc. after receipt of an import permission, and the goods have been destroyed, have deteriorated or have been damaged owing to a disaster or any other unavoidable reason before the submission of a written special declaration (which means such written special declaration as is prescribed in Paragraph 1 of Article 7-2 of the Customs Law; this definition also applies hereinafter in this paragraph and in paragraph 6 of Article 19, paragraph 4 of Article 19-2, and paragraphs 4 and 5 of Article 20), then an amount equivalent to all or part of the customs duty thereon may, only if the said written special declaration is submitted within the time limit for submission, be deducted from the amount of the customs duty chargeable on the said designated goods, as may be prescribed by a Cabinet Order.

“Hozei” means the circumstances where the customs duty and tax are not levied on goods temporarily (i.e., circumstances where goods are treated as foreign goods which have not passed the customs border). Areas where goods can be treated in this manner, “hozei,” are called “hozei” areas. Imported goods placed in the “hozei” area are under the control of Customs; in such cases an importer does not have to submit any bond to the Customs. Hereinafter in the law, referred to as the same. See Chapter 4 (Hozei Areas) of the Customs Law.

(Reduction of Customs Duty on Goods Exported for Processing or Repair)

Article 11. With regard to any goods which were exported from Japan for processing (only such

processing as is recognized to be difficult in Japan) or repair abroad and which are subsequently imported into Japan within one year from the date of their export permission (or within such period longer than one year as may be specified by the Director-General of Customs, if there is a reason to believe that such period is inevitable and if the approval of the Director-General of Customs is obtained as may be prescribed by a Cabinet Order), the customs duty may be reduced, as may be prescribed by a Cabinet Order, within the limit of such an amount as calculated by multiplying the amount of customs duty chargeable on the said imported goods by the proportion of the customs value of the said goods had they been imported in the same nature and form as at the time of export permission to the customs value of the said goods.

(Reduction of, or Exemption from, Customs Duty on Daily Necessities)

Article 12. In cases where imported rice, hulled or unhulled, barley or wheat falls under any of the following sub-paragraphs, the customs duty chargeable upon the said goods may be reduced or exempted, as may be prescribed by a Cabinet Order, specifying the goods and the period.

- (1) When the aggregate of the customs value, as provided for in Articles 4 to 4-8, of the imported goods, as well as the customs duty and ordinary expenses incidental to delivery of the said goods from the port of importation to the domestic wholesale market is, generally, higher than the wholesale price in Japan of domestically-produced goods of a similar kind;
- (2) When a poor harvest, natural disaster or any other emergency circumstances warrant such reduction or exemption.

2. The provisions of the preceding paragraph shall apply *mutatis mutandis* to imported pork. For this purpose, the following provisions shall be added to sub-paragraph (1) of the preceding paragraph: "and when it is found that the domestic wholesale price of pork, the standard of which is prescribed by a Cabinet Order, exceeds or threatens to exceed the upper limit of the stabilized price range for the said pork, as prescribed in sub-paragraph (3) of paragraph 1 of Article 3 of the Law Relating to the Price Stabilization, etc. of Live-Stock Products (Law No. 183 of 1961)".

3. With respect to foodstuffs, apparels and any other goods which are closely related to the people's daily lives (excluding those goods as provided for in the preceding three paragraphs) and are imported from abroad, in cases where the import prices of such goods are rising, or threatening to rise, sharply and require urgent action in order to contribute to the stabilization of the people's daily lives, if it is found that the imports of such goods do not threaten to cause considerable injury to such Japanese industry as is producing goods identical to, or directly competing in terms of use with, such imports, then the customs duty thereon may, as may be prescribed by a Cabinet Order and specifying the goods and period, be reduced or exempted.

(Reduction of, or Exemption from, Customs Duty on Raw Materials for Manufacture)

Article 13. With regard to imported raw materials as provided for in the following sub-paragraphs, the customs duty chargeable thereon shall be reduced or exempted, as may be prescribed by a Cabinet Order, if the manufacture as provided for in the applicable sub-paragraphs is completed within one year from the date of the import permission at a manufacturing factory approved by the Director-General of Customs.

- (1) Kaoliang and other grain sorghum, and corn which are used for the manufacture of such feed as may be prescribed by a Cabinet Order, and such other raw materials as may be prescribed by a Cabinet Order according to the type of such feeds.
- (2) Peanuts for use in the manufacture of peanut oil.

2. The Director-General of Customs shall, when he considers that no difficulty will arise in ensuring implementation of this Law and the Customs Law, give an approval as provided for in the preceding paragraph.

3. When customs duty is to be reduced or exempted in accordance with paragraph 1 of this article, the Director-General of Customs may require a security to be provided, which is equivalent to the amount of duty so reduced or exempted.

4. In cases where the manufacture provided for in any of the sub-paragraphs of paragraph 1 is to be carried out, except when the Director-General of Customs considers that no difficulty will arise in checking the manufacture from the raw materials for which customs duty has been reduced or exempted under paragraph 1 (hereinafter in this article referred to as "raw material for manufacture") and hence approves combined use with them, no raw materials for manufacture shall be used in combination with any other raw materials of the same kind.

5. When the manufacture from raw materials for manufacture has been completed, the manufacturer concerned shall, as may be prescribed by a Cabinet Order, report to the Customs the quantities of the raw materials used for the manufacture and of the products manufactured therefrom, and shall have the products examined by the Customs each time a report is so made or when circumstances warrant such examination.

6. The raw materials for manufacture as specified in any of the sub-paragraphs of paragraph 1 shall not, within one year from the date of their import permission, be employed for uses other than those as specified in any of the said sub-paragraphs, or be transferred so that they may be employed for uses other than those specified in any of the said sub-paragraphs. However, the foregoing provision shall not apply to the case where, for an unavoidable reason, an approval is given by the Director-General of Customs as may be prescribed by a Cabinet Order.

7. The customs duty reduced or exempted in accordance with the provisions of paragraph 1 shall forthwith be collected, in the cases as specified in any of the following sub-paragraphs, from any person found to come under any of the said sub-paragraphs. However, in cases where the raw materials for manufacture or the products manufactured therefrom were lost owing to a disaster or any other unavoidable reason or were destroyed with the approval of the Director-General of Customs, the customs duty shall not be collected. In cases where the raw materials for manufacture, for which the approval referred to in the proviso to the preceding paragraph was given, have depreciated owing to deterioration, damage or any other unavoidable reason, the customs duty chargeable thereon may be reduced *mutatis mutandis* in accordance with the provisions of paragraph 1 of Article 10.

- (1) When an approval is given for the raw materials for manufacture as specified in any of the sub-paragraphs of paragraph 1 in accordance with the proviso to the preceding paragraph, or when the raw materials for manufacture are employed for uses other than those as specified in any of the said sub-paragraphs or are transferred so that they may be employed for uses other than those as specified in any of the said sub-paragraphs, without such approval, or when, within one year from the date of their import permission, a report is not made in accordance with the provisions of paragraph 5 or the manufacture thereof is not completed.
- (2) When the raw materials for manufacture are used for manufacture at any place other than the manufacturing factory approved by the Director-General of Customs under paragraph 1 or when they are used in contravention of the provisions of paragraph 4.

8. Any person who has obtained an approval of a manufacturing factory in accordance with the provisions of paragraph 1 shall pay to the Customs concerned, as may be prescribed by a Cabinet Order, a fee the amount of which shall be fixed by a Cabinet Order on the basis of the total floor space of the said manufacturing factory, the validity period of the approval and the type of customs service to be extended to such factory.

(Unconditional Exemption from Customs Duty)

Article 14. With regard to imported goods as enumerated below, the customs duty chargeable upon such goods shall be exempted as may be prescribed by a Cabinet Order.

- (1) Articles for the use of the Emperor and the Imperial Household.
- (2) Articles belonging to the head of any foreign country or members of his family (i.e. spouse, lineal ascendant, lineal descendant and such relatives as may be deemed to be of a similar standing; hereinafter referred to as the same) or their suites, visiting Japan.
- (3) Decorations, medals, prize-cups and any other similar awards and badges, presented to any person resident in Japan by any foreign country, any local public entity which is responsible for any administrative district of such country, any international organization,

or such organizations, funds or others of similar standing as may be designated by the Minister of Finance.

- (3-2) Articles for educational or publicity purposes which are presented by the United Nations or specialized agencies thereof, and educational, scientific or cultural films, slides, sound records and other similar articles which are produced by the said organizations.
- (3-3) Official catalogs, pamphlets, posters and other similar articles for an exposition, fair or any other similar events (hereinafter referred to as "exposition, etc." in this sub-paragraph and in sub-paragraph (5-2) of paragraph 1 of Article 15) as may be prescribed by a Cabinet Order, which are published by any country participating in such expositions, etc. (including local public entity of such country and international organizations participating in exposition, etc.).
- (4) Records and other documents.
- (5) Articles under the state monopoly which are imported by the Government or any person entrusted by the Government.
- (6) Samples for soliciting orders, provided that they are either recognized as being suitable as samples only or specified by a Cabinet Order as those of extremely small value.
- (6-2) Labels which are to be attached to goods exported from Japan by the manufacturer thereof in order to indicate that the quality of such goods conforms to the conditions set out by any competent organization in the country of destination of the said goods provided that such labels are prescribed by a Cabinet Order as those necessary for exporting the said goods.
- (7) Articles imported, as accompanied goods, by any person entering Japan at the time of his entry, or imported, as unaccompanied goods, by any such person in accordance with the provisions of a Cabinet Order, who enters into Japan for a purpose other than of moving his residence to Japan (excluding automobiles, vessels, aircraft, and any other articles as may be designated by Cabinet Order), which are intended for his personal use or are necessary for his professional use, provided that they are regarded by the Customs as being appropriate, taking into account the purpose of his entry, the period of his stay, his profession and any other circumstances.
- (8) Articles imported, as accompanied goods, by any person entering Japan at the time of his entry or imported, as unaccompanied goods, by any such person in accordance with a Cabinet Order, who enters into Japan for the purpose of moving his residence to Japan (excluding automobiles, vessels, aircraft and any other articles as may be designated by a Cabinet Order), which are intended for his own or his family's personal use and for professional use. However, these articles shall be limited to those which have already been used by them and which are regarded as being normal and reasonable, taking into account the reason for moving of their residence, the period of stay in any foreign country and in Japan, profession, the number of members of the said family and any other

circumstances.

- (9) Articles for official use which are returned to Japan from Japanese diplomatic establishments abroad.
- (10) Goods exported from and then imported into Japan without any change in the nature and form at the time of their exportation from Japan. However, duty exemption under this sub-paragraph shall not be applied to goods for which duty exemption or reduction was granted in accordance with the provisions of paragraph 1 of Article 17 or paragraph 1 of article 18, goods manufactured from goods for which duty reduction, exemption, refund or deduction was granted in accordance with the provisions of paragraph 1 or 6 of Article 19, products shipped to any foreign country, as provided for in paragraph 1 of Article 19-2 in cases where duty exemption was granted in accordance with the provisions of the said paragraph, and goods for which customs duty was refunded or deducted in accordance with the provisions of paragraph 2 or 4 of Article 19-2, paragraph 1 of Article 19-3 or paragraph 1, 2, 4 or 5 of Article 20.
- (11) Containers (including goods of a similar kind; hereinafter in sub-paragraph (2) and (3) of paragraph 1 of article 17 referred to as the same) for any goods exported from Japan, which may be prescribed by a Cabinet Order and which were used at the time of the exportation of the said goods or which are being used at the time of importation of any goods. In this case, the provisions of the proviso to the preceding sub-paragraph shall be applied *mutatis mutandis*.
- (12) Deleted.
- (13) Scraps and equipment of any wrecked Japanese vessel or aircraft.
- (14) Goods exported on board any vessel or aircraft which set out from Japan and reshipped to Japan owing to an accident in which such vessel or aircraft was involved. In this case, the provisions of the proviso to sub-paragraph (10) shall be applied *mutatis mutandis*.
- (15) Deleted.
- (16) Appliances manufactured for exclusive use by physically impaired persons and any other similar articles, which are prescribed by a Cabinet Order.
- (17) Film for newsreels (exposed only) and tape for news (recorded only). However, in the case where there are multiple copies of the same contents, duty exemption shall be granted for a maximum of two such copies.
- (18) Articles whose total customs values are not more than 10,000 yen (excluding articles, designated by a Cabinet Order, which are not appropriate to be exempted from customs duty taking into consideration any effect on a relevant Japanese industry or any other circumstances).

(Reduction of Customs Duty for Re-importation)

Article 14-2. In the case where the amount of customs duty chargeable upon any imported goods

as provided for in any of the following sub-paragraphs exceeds the amount of customs duty as specified in any of the said sub-paragraphs, the customs duty shall be reduced, as may be prescribed by a Cabinet Order, by an amount equal to the difference between the former and the latter amounts.

- (1) Products manufactured under hozei work and subsequently reshipped from Japan, which have met the conditions as set forth in the first sentence of each of subparagraphs (10), (11) and (14) respectively of the preceding article: the amount of customs duty, chargeable upon foreign goods used as raw materials for manufacture of the said reshipped products, which was not actually levied for the reason that the manufacture was carried out under hozei work.
- (2) Goods (including the products as specified in the preceding sub-paragraph), which fall under the first sentence of each of subparagraphs (10), (11) and (14) respectively of the preceding article, and the customs duty on which was reduced, exempted, refunded or deducted because of their exportation in accordance with the provisions of sub-paragraph (1) of paragraph 1 of Article 17, paragraph 1 or 6 of Article 19 or paragraph 1, 2 or 4 of Article 19-2: the amount equivalent to the amount of customs duty reduced, exempted, refunded or deducted (in the case of the products as specified in the preceding sub-paragraph, the amount prescribed in the said sub-paragraph shall be added).

(Reduction of, or Exemption from, Customs Duty on Marine Products, etc. Caught or Gathered in a Foreign Country)

Article 14-3. With regard to the importation of marine products which were caught or gathered in any foreign country by any Japanese vessel which set out for fishing from Japan and of products which were obtained by processing of, or manufacturing from, the said marine products on board any such Japanese vessel the customs duty on such imported products shall be exempted, as may be prescribed by a Cabinet Order.

2. With regard to the importation of products, as may be prescribed by a Cabinet Order, which were obtained by processing of, or manufacturing from, marine products caught or gathered by any foreign vessel, on board any Japanese vessel which set out for fishing from Japan, the customs duty on such imported products may be reduced, as may be prescribed by a Cabinet Order, within the limit of an amount corresponding to the difference between the amount of customs duty chargeable upon the said imported products and the amount of customs duty chargeable upon the marine products had they been imported in the same nature and quantity as those of the said marine products before such processing or manufacture.

(Exemption from Customs Duty for Specific Use)

Article 15. Imported goods as specified in any of the following sub-paragraphs shall be exempted

from customs duty, as may be prescribed by a Cabinet Order, provided that they are not employed for uses other than those specified in any of the sub-paragraphs within two years from the date of import permission.

- (1) Specimens or articles for reference which are exhibited at any school, museum, show place, research institute, laboratory, or other similar facility, run by the Government, or a local public entity, or similar such facilities, which are prescribed by a Cabinet Order, run by any person other than the Government or a local public entity, or articles for scientific research (which are newly invented or considered difficult to be produced in Japan) or films (exposed only), slides, records, tapes (recorded only) or other similar articles for educational use, which are used at such facilities.
- (2) Articles donated to any facilities as specified in the preceding sub-paragraph for the purpose of scientific research or education.
- (3) Supplies donated for charity or relief and articles (except supplies) donated to relief institutes, institutes for senior citizens or any other facilities conducting social welfare business, which are regarded as being used directly for social welfare at such facilities.
- (3-2) Articles, other than those specified in any of the preceding three sub-paragraphs, donated to, and for the use of, the Government or any local public entity with a view to promoting international goodwill.
- (4) Articles, as specified by an Ordinance of the Ministry of Finance, donated to any religious organization, which are used directly for ceremonial or religious worship purposes.
- (5) Instruments and appliances donated to the Japan Red Cross Society by the International Red Cross Institution or the Red Cross Society of any foreign country, which are regarded as being used directly for medical purposes by the Japan Red Cross Society.
- (5-2) The following articles which are imported by participants at an exposition, etc. for use at such exposition, etc. However, the articles shall be limited to those which are regarded as being appropriate in view of the period of time and the scale of the said exposition, etc., the kind and value of the said articles and any other circumstances.
 - A. Catalogs, pamphlets, posters and any other similar articles, other than those as specified in sub-paragraph (3-3) of Article 14, which are distributed free of charge by persons participating in an exposition, etc. to visitors on the site of the said exposition, etc.
 - B. Mementoes of an exposition, etc. and samples of exhibits shown therein which are distributed free of charge by persons participating in the said exposition, etc. to visitors on the site of the said international exposition, etc.
 - C. Goods, as may be prescribed by a Cabinet Order, which are to be consumed on the site of an exposition, etc. (as may be prescribed by a Cabinet Order only) for the construction, maintenance, removal or management of the facilities of the said exposition, etc.

- (6) Deleted.
- (7) Deleted.
- (8) Instruments, appliances and parts thereof as may be designated by a Cabinet Order, used for the safe landing and take-off or safe navigation of aircraft.
- (9) Automobiles, vessels, aircraft or any other articles, as designated by a Cabinet Order, which are imported by any person entering Japan at the time of his entry, or imported, as unaccompanied goods, by any such person in accordance with a Cabinet Order, who enters into Japan for the purpose of moving his residence to Japan and which are intended for his or his family's personal use. However, these articles shall be limited to those which have been used by them before entry into Japan (in the case of vessels and aircraft, it is necessary that they have been used by them for at least one year before entry into Japan).
- (10) Goods, as may be prescribed by a Cabinet Order, the customs duty on which is to be exempted on the condition that they are employed for specific use, after their importation, under the provisions of any international treaty.

2. In cases where any goods which have been exempted from customs duty in accordance with the provisions of any of the sub-paragraphs of the preceding paragraph are, within two years from the date of their import permission, employed for uses other than those specified in any of the said sub-paragraphs or transferred so that they may be employed for uses other than those specified in any of the said sub-paragraphs, the customs duty so exempted under the said paragraph shall forthwith be collected from any person who has employed such goods for uses other than those specified or who transferred such goods in the manner mentioned above. However, in cases where the said goods are employed for uses other than those specified in any of the said sub-paragraphs owing to the deterioration, damage or any other unavoidable reason, the customs duty may be reduced *mutatis mutandis* in accordance with the provisions of paragraph 1 of Article 10.

(Exemption from Customs Duty on Goods for Diplomats, etc.)

Article 16. With regard to any imported goods as specified in any of the following sub-paragraphs, the customs duty chargeable thereon shall be exempted as may be prescribed by a Cabinet Order.

- (1) Articles for the official use of any foreign embassy, legation or other establishment of similar function in Japan. However, in cases where any foreign country maintains restrictions upon duty exemption on articles for official use of any such Japanese establishment in that country, the duty exemption shall be made on a reciprocal basis.
- (2) Imported articles for personal use of any foreign Ambassador, Minister or any other envoy of similar standing accredited to Japan and members of his family. However, in cases where any foreign country maintains restrictions upon duty exemption on articles

for personal use of any Japanese Ambassador, Minister or any other envoy of similar standing accredited to that country and their family members, the duty exemption shall be made on a reciprocal basis.

- (3) Articles which are to be employed only for official use of any foreign consulates or any other establishments of similar function in Japan. However, in cases where any foreign country maintains restrictions upon duty exemption on articles for official use of any such Japanese establishment in that country, the duty exemption shall be made on a reciprocal basis.
- (4) Articles for personal use of any member, as designated by a Cabinet Order, of any foreign embassy, legation, consulate or any other establishment of similar function in Japan (excluding any honorary consul-general or honorary consul) and his family (excluding any person having Japanese nationality), when imported by such members. However, in cases where any foreign country maintains restrictions upon duty exemption on articles for personal use of such Japanese members and his family, the duty exemption shall be made on a reciprocal basis.

2. When goods, as designated by a Cabinet Order, which have been exempted from customs duty under the preceding paragraph are employed, within two years from the date of their import permission, for uses other than those specified in the said paragraph (except when the articles are employed for uses other than those specified in the said paragraph owing to an unavoidable reason as may be prescribed by a Cabinet Order), the customs duty exempted under the said paragraph shall forthwith be collected from the person who has allowed such goods to be employed for such other uses. However, in cases where the articles have depreciated owing to wear resulting from their use or owing to any other reason, the customs duty to be so collected may be reduced *mutatis mutandis* in accordance with the provisions of paragraph 1 of Article 10.

(Exemption from Customs Duty for Re-exportation)

Article 17. With regard to any imported goods as specified in any of the following subparagraphs, the customs duty chargeable thereon shall be exempted, as may be prescribed by a Cabinet Order, provided that they are exported within one year (or within a period which is prescribed by a Cabinet Order, in the case of goods as specified in sub-paragraph (11); or, within a period as specified by the Director-General of Customs which is longer than the said period, in the case of goods to which an approval was given by the Director-General of Customs, as may be prescribed by a Cabinet Order, for the reason that there is an unavoidable cause to postpone the said period) from the date of import permission thereof.

- (1) Goods to be processed or to be used as materials for processing, as may be prescribed by a Cabinet Order.
- (2) Containers for imported goods as may be prescribed by a Cabinet Order.

- (3) Goods to be used as containers for export goods as may be prescribed by a Cabinet Order.
- (4) Goods to be repaired.
- (5) Articles for scientific research.
- (6) Articles for testing.
- (6-2) Articles to be used by any person exporting or importing goods, for testing the capacity or performance of, or for examining the quality of, the goods so exported or imported.
- (7) Samples for soliciting orders or for manufacturing, or photographs, films, models or any other similar articles used solely as substitutes for those samples.
- (7-2) Articles to be used at international athletic meetings, international conferences or the like.
- (8) Articles for the performance of travelling showmen entering Japan and instruments and implements to be used for film making by motion picture producers entering Japan.
- (9) Articles for exhibiting at an exposition, display, exhibition competition or similar event.
- (10) Automobiles, vessels, aircraft or any other goods, as designated by a Cabinet Order, which are imported, as accompanied goods, by any person entering Japan at the time of his entry or imported, as unaccompanied goods, by any such person in accordance with the provisions of a Cabinet Order, who enters into Japan for the purpose other than of moving his residence to Japan and which are intended for his own personal use.
- (11) Goods, as may be prescribed by a Cabinet Order, which are, under the provisions of any treaty concerned, exempted from customs duty on condition that they are to be exported within a specified period of time after their importation.

2. The provisions of paragraph 3 of Article 13 shall apply *mutatis mutandis* to the case where customs duty is exempted under the preceding paragraph.

3. Any person who has had duty exemption granted under the provisions of paragraph 1 shall, when he exports the goods, the customs duty on which was so exempted, within the period referred to in the said paragraph, report such fact to Customs, as may be prescribed by a Cabinet Order.

4. In cases where the goods customs duty on which has been exempted under paragraph 1 have not been exported within the period of time as specified in the said paragraph or have been employed for uses other than those specified in any of the sub-paragraphs of the said paragraph, the customs duty exempted under the said paragraph shall forthwith be collected.

5. The provisions of the proviso to paragraph 7 of Article 13 shall apply *mutatis mutandis* to the case where customs duty is collected under the provisions of the preceding paragraph. In this case, the terms "the raw materials for manufacture or the products manufactured therefrom" and

"the raw materials for manufacture, for which the approval referred to in the proviso to the preceding paragraph was given" in the proviso to paragraph 7 of the said article shall be read as "the goods concerned."

(Reduction of Customs Duty for Re-exportation)

Article 18. With regard to those goods, as may be prescribed by a Cabinet Order, which can be used for long periods of time and which are imported for the purposes of being used temporarily in Japan, normally in accordance with a lease contract or in connection with an implementation of a contract, and are exported within two years (or, within such a period as may be prescribed by a Cabinet Order, not exceeding five years, for those goods, as may be prescribed by a Cabinet Order, which can be used for a particularly long period of time; hereinafter in paragraph 3 referred to as the same) from the date of their import permission, the customs duty chargeable thereon may be reduced, as may be prescribed by a Cabinet Order.

2. When customs duty is to be reduced in accordance with the provisions of the preceding paragraph, the Director-General of Customs may require a security to be provided, which shall be equivalent to the amount of customs duty so reduced.

3. In the case where the goods the customs duty on which has been reduced under paragraph 1 have not been exported within two years from the date of their import permission, the customs duty so reduced under the said paragraph shall forthwith be collected. In this case, the provisions of paragraph 5 of the preceding article shall apply *mutatis mutandis*.

4. The provisions of paragraph 3 of the preceding article shall apply *mutatis mutandis* to any person for whom customs duty was reduced under the provisions of paragraph 1.

(Reduction of, Exemption from, or Refund of, Customs Duty on Raw Materials for Manufacturing Export Goods)

Article 19. With regard to any imported raw materials which are to be used for manufacturing export goods and are prescribed by a Cabinet Order, the customs duty chargeable thereon shall be reduced, exempted or wholly or partially refunded, as may be prescribed by a Cabinet Order, if the said manufacturing is carried out at the manufacturing factory approved by the Director-General of Customs and the products manufactured from the said raw materials are exported. In this case, reduction or exemption from customs duty shall only be made when the said products are exported within two years (or, with regard to products manufactured in accordance with paragraph 3, within such a period of time as designated by the Director-General of Customs within the limit of one year) from the date of import permission of the said raw materials.

2. The provisions of paragraphs 2 to 6 and 8 of Article 13 shall apply *mutatis mutandis* to the case where customs duty is reduced or exempted under the preceding paragraph. In this case, the first sentence of paragraph 6 of Article 13 shall be read as "The raw materials customs duty on which was reduced or exempted under paragraph 1 of Article 19 or the products manufactured from the said raw materials shall not, within two years (or, with regard to goods manufactured in accordance with the provisions of paragraph 3 of the said article, within such a period of time as designated by the Director-General of Customs within the limit of one year) from the date of the import permission of the raw materials, be employed for uses other than those as provided for in paragraph 1 of the said article or transferred so that they may be employed for uses other than those as provided for in the said paragraph or employed for purposes other than exportation or transferred so that they may be employed for purposes other than exportation."

3. In cases where any products are manufactured, with an approval of the Director-General of Customs under paragraph 4 of Article 13 which is applied *mutatis mutandis* under the preceding paragraph, from the raw materials customs duty on which was reduced or exempted under paragraph 1 (hereinafter in this article referred to as "raw materials for manufacturing export goods"), in combination with any other raw materials of the same kind, and the products so manufactured have the same quality as those which are manufactured solely from the raw materials for manufacturing export goods, and the said products are exported within such a period of time as designated by the Director-General of Customs not exceeding one year from the date of import permission of the said raw materials for manufacturing export goods, a quantity of raw materials for manufacturing export goods which is necessary to manufacture the said export goods shall, within the limit of the quantity of the said raw materials for manufacturing export goods and as may be prescribed by a Cabinet Order, be deemed to have been used for manufacture of the said export goods.

4. The customs duty reduced or exempted under paragraph 1 shall forthwith be collected, in any of the cases as enumerated in the following sub-paragraphs, from any person found to fall under any of the said sub-paragraphs. In this case, the provisions of the proviso to paragraph 7 of Article 13 shall apply *mutatis mutandis*.

- (1) When an approval as provided for in the proviso to paragraph 6 of Article 13 which is applied *mutatis mutandis* under paragraph 2 is given with regard to raw materials for manufacturing export goods, or when the materials for manufacturing export goods are employed for uses other than those as provided for in paragraph 1 or are transferred so that they may be employed for uses other than those as provided for in the said paragraph, without the said approval, or when an approval as provided for in the proviso to paragraph 6 of Article 13 which is applied *mutatis mutandis* under paragraph 2 is given with regard to the products manufactured from the said raw materials, or when such

products are used for purposes other than exportation or are transferred so that they may be used for purposes other than exportation, without the said approval.

- (2) When the report as provided for in paragraph 5 of Article 13, which is applied *mutatis mutandis* under paragraph 2, is not made or the products are not exported, within two years (with regard to those manufactured under paragraph 3, within the period of time as designated by the Director-General of Customs under paragraph 1) from the date of import permission of the materials for manufacturing export goods.
- (3) When the raw materials for manufacturing export goods are used for manufacture at a place other than the manufacturing factory approved by the Director-General of Customs under paragraph 1 or when they are used in contravention of paragraph 4 of Article 13 which is applied *mutatis mutandis* under paragraph 2.

5. In cases where the customs duty has not been paid on such raw materials as may be prescribed by a Cabinet Order under paragraph 1, for which the time limit for payment of the customs duty has been extended under paragraphs 1 to 3 of Article 9-2 (Extension of Time Limit for Payment) of the Customs Law, if the customs duty is refundable when the provisions of paragraph 1 are applied as if the customs duty on the raw materials were paid, then the amount equivalent to the amount of the refundable customs duty shall, during the extended period only and as may be prescribed by a Cabinet Order, be deducted from the amount of the customs duty for which the time limit for payment has been extended. In this case, the provisions of the proviso to sub-paragraph 10 of Article 14 (including the cases in which the proviso is applied *mutatis mutandis* under sub-paragraphs 11 and 14 of the said article; this inclusion is also applicable in paragraph 3 of the next article, paragraph 2 of Article 19-3, and paragraph 3 of Article 20) and sub-paragraph 2 of Article 14-2 and the provisions of the said law shall be applied as if the customs duty in the amount equivalent to the deducted amount had been refunded under paragraph 1.

6. With regard to those designated goods pertaining to a special declaration (a) which are raw materials to be used for manufacturing an export product, (b) which are prescribed by a Cabinet Order and are imported, and (c) from which the said product is manufactured at a manufacturing factory approved by the Director-General of Customs under paragraph 1, an amount equivalent to all or part of the amount of the customs duty thereon shall be deducted from the amount of the customs duty on the said raw materials, as may be prescribed by a Cabinet Order, only if the said product is exported before the submission of a written special declaration for the said raw materials and the said written special declaration is submitted within the time limit for submission.

7. For the purpose of application of the provisions concerning the refund of customs duty under paragraph 1, the exportation referred to in the said paragraph shall include the reshipment to any foreign country of any foreign goods which are manufactured from the raw materials, prescribed

in the said paragraph, used in combination with foreign goods which are the raw materials for hozei work.

8. The provisions of the preceding paragraph shall apply *mutatis mutandis* to the cases in which the provisions of paragraph 5 or 6 are applied. In this case, when the provisions of the preceding paragraph are applied *mutatis mutandis*, the term "For the purpose of application of the provisions concerning the refund of customs duty under paragraph 1, the exportation referred to in the said paragraph" in the preceding paragraph shall be read as "The exportation referred to in the preceding paragraph."

(Exemption from, or Refund of, Customs Duty, etc. in the Case of Exportation of Products Manufactured from Duty-Paid Raw Materials, etc.)

Article 19-2. In cases where an order is received from a foreign country to purchase a product which is to be manufactured at a hozei manufacturing warehouse or integrated hozei area, if it is confirmed, as may be prescribed by a Cabinet Order, by the Director-General of Customs that it is difficult to manufacture such product from any raw materials being foreign goods used at the said hozei manufacturing warehouse or integrated hozei area and to ship the said product to the foreign country within the period of delivery referred to in the purchase order, and if the product manufactured at the said hozei manufacturing warehouse or integrated hozei area from other raw materials which are of the same kind as the said raw materials but are not foreign goods (in the case of any of such products as may be prescribed by a Cabinet Order, the product manufactured from such raw materials which are not foreign goods) is shipped to the foreign country instead, there shall be exempted from customs duty, as may be prescribed by a Cabinet Order, any foreign goods which are of the same kind as the said raw materials and which are imported, by the person who manufactured the said product, within six months from the date of export permission (including permission of reshipment; this inclusion is also applicable in the following paragraph) of the said product and within the limit of quantity, confirmed by the Director-General of Customs, as being the quantity of the said other raw materials (not being foreign goods) used for the manufacture of the said product (or in the case where any other goods are simultaneously manufactured in the process of manufacturing the said product, such part of the quantity of the said other raw materials as may be prescribed by a Cabinet Order as the quantity corresponding to the said product).

2. In the case where it is necessary to use duty-paid imported goods as raw materials for manufacturing export goods during hozei work at a hozei manufacturing warehouse or integrated hozei area for the reason that stocks of foreign goods which were intended to be used as raw materials have been exhausted or for any other reason and where it is considered difficult to have the provisions of the preceding paragraph applied, the customs duty paid for the said imported

goods may, as may be prescribed by a Cabinet Order, be wholly or partially refunded only if the said imported goods are brought, with prior approval of the Director-General of Customs, into the hozei manufacturing warehouse or integrated hozei area without any change in nature and form at the time of their importation within three months after their import permission and if goods manufactured from the said imported goods are exported.

3. In cases where the customs duty has not yet been paid on those goods for which the time limit for payment of the customs duty has been extended under paragraphs 1 to 3 of Article 9-2 (Extension of Time Limit for Payment) of the Customs Law, if the customs duty is refundable when the provisions of the preceding paragraph are applied as if the customs duty on the goods were paid, then the amount equivalent to the amount of the refundable customs duty may, during the extended period only and as may be prescribed by a Cabinet Order, be deducted from the amount of the customs duty for which the time limit for payment has been extended. In this case, the provisions of the proviso to sub-paragraph 10 of Article 14 and sub-paragraph 2 of Article 14-2 and the provisions of the said law shall be applied as if the customs duty in the amount equivalent to the deducted amount had been refunded under the preceding paragraph.

4. In the case where it is necessary to use imported goods as raw materials for manufacturing export goods during hozei work at a hozei manufacturing warehouse or integrated hozei area for the reason that stocks of foreign goods which were intended to be used as raw materials have been exhausted or for any other reason, where the said imported goods are designated goods pertaining to a special declaration, and where it is considered difficult to apply the provisions of paragraph 1, an amount equivalent to all or part of the customs duty thereon may, as may be prescribed by a Cabinet Order, be deducted from the amount to be charged on the said designated goods only if the said designated goods are brought, with prior approval of the Director-General of Customs, into the hozei manufacturing warehouse or integrated hozei area without any change in nature and form at the time of their importation before the submission of a written special declaration pertaining to the said designated goods, if goods manufactured from the said designated goods are exported before the submission of the said written special declaration, and if the said written special declaration is submitted within the time limit for submission.

5. The provisions of Article 58 (Report on hozei work) and Article 61-3 (Obligation of record keeping on hozei manufacturing warehouses) of the Customs Law shall apply *mutatis mutandis* to goods brought into a hozei manufacturing warehouse under the provisions of the preceding three paragraphs, and the provisions of Article 34-2 (Obligation of record keeping) of the Customs Law shall apply *mutatis mutandis* to goods brought into an integrated hozei area under the provisions of the preceding three paragraphs.

(Refund of Customs Duty when Imported Goods are Re-exported in the Same State as when Imported)

Article 19-3. When the goods which have been imported with payment of customs duty as may be prescribed by a Cabinet Order are re-exported from Japan without any change in nature and form at the time of their importation, the customs duty paid thereon may be refunded, as may be prescribed by a Cabinet Order, if the said goods are re-exported from Japan within one year (or within such longer period exceeding one year, as designated by the Director-General of Customs, when there is reason to believe that such period exceeding one year is inevitably necessary and if an approval is given by the Director-General of Customs under the provision of the Cabinet Order) from the date of their import permission.

2. In cases where the customs duty has not yet been paid on those goods for which the time limit for payment of the customs duty has been extended under paragraph 1 or 2 of Article 9-2 (Extension of Time Limit for Payment) of the Customs Law, if the customs duty is refundable when the provisions of the preceding paragraph are applied as if the customs duty on the said goods were paid, then the amount equivalent to the amount of the refundable customs duty may, during the extended period only and as may be prescribed by a Cabinet Order, be deducted from the amount of the customs duty for which the time limit for payment has been extended. In this case, the provisions of the proviso to sub-paragraph 10 of Article 14 and the provisions of the said law shall be applied as if the customs duty in the amount equivalent to the deducted amount had been refunded under the preceding paragraph.

(Refund of Customs Duty when Claimed Merchandise, etc. are Re-exported or Destroyed)

Article 20. When any duty-paid imported goods, which come under any of the following sub-paragraphs, are exported (or, exported for return, in the case of the goods as enumerated in sub-paragraph (1) or (2) below) from Japan without change in the nature and form at the time of their importation, there may be refunded customs duty, as may be prescribed by a Cabinet Order, if the said goods have been brought into the hozei area (including such place as designated by the Director-General of Customs under sub-paragraph (2) of paragraph 1 of Article 30 (Restriction on places where foreign goods may be stored) of the Customs Law; hereinafter in the next paragraph, paragraph 4 and paragraph 5 referred to as the same) within six months (in the case where it is approved by the Director-General of Customs, as may be prescribed by a Cabinet Order, that there is an unavoidable reason justifying a period longer than six months, within such a longer period exceeding six months but not exceeding one year, as may be designated by the Director-General of Customs) from the day of import permission.

- (1) Goods which are found unavoidable to return due to the difference in quality or quantity, etc. between such goods and the content of the contract.
- (2) Goods which are articles for personal use and which were sold by such sales method as

may be prescribed by a Cabinet Order and which are found unavoidable to return due to their being of a quality, etc. unexpected by their importer.

- (3) Goods which are found unavoidable to export for the reason that, after the time of their importation, their sale or use or the sale or use of any products manufactured from them is prohibited under legislation (including any disposition made thereunder).

2. In cases where it is considered unavoidable to destroy the imported goods, as provided for in the preceding paragraph, rather than to reship them, if they are brought into a hozei area within six months from the date of their import permission and destroyed with a prior approval of the Director-General of Customs, the customs duty paid for the goods, as may be prescribed by a Cabinet Order, may be wholly or partially refunded.

3. In cases where the customs duty has not yet been paid on those goods for which the time limit for payment of the customs duty has been extended under paragraphs 1 to 3 of Article 9-2 (Extension of Time Limit for Payment) of the Customs Law, if the customs duty is refundable when the provisions of the preceding two paragraphs are applied as if the customs duty on the goods were paid, then the amount equivalent to the amount of the refundable customs duty may, during the extended period only and as may be prescribed by a Cabinet Order, be deducted from the amount of the customs duty for which the time limit for payment has been extended. In this case, the provisions of the proviso to sub-paragraph 10 of Article 14 and the provisions of the said law shall be applied as if the customs duty in an amount equivalent to the deducted amount had been refunded under the preceding two paragraphs.

4. In cases where those designated goods pertaining to a special declaration that fall under any of the sub-paragraphs of paragraph 1 are exported from Japan without any change in nature and form at the time of their importation (such exportation shall be limited to exportation for return in the case of such goods as are prescribed in sub-paragraph (1) or (2) of the said paragraph), the amount equivalent to the customs duty thereon may, as may be prescribed by a Cabinet Order, be deducted from the amount of the customs duty chargeable on the said designated goods if the said designated goods are brought into a hozei area before the submission of a written special declaration pertaining to the said designated goods and are exported before the submission of the said written special declaration and if the said written special declaration is submitted within the time limit for submission.

5. In cases where it is deemed unavoidable to destroy such designated goods as are prescribed in the preceding paragraph rather than reship them, if they are brought into a hozei area and destroyed with the prior approval of the Director-General of Customs before the submission of a written special declaration pertaining to the said designated goods, an amount equivalent to all or

part of the customs duty thereon may, only if the said written special declaration is submitted within the time limit for submission, be deducted from the amount of customs duty chargeable on the designated goods, as may be prescribed by a Cabinet Order.

(Restriction, etc. on Uses Other than Specified Uses of Goods for which Reduced Rates are Applied)

Article 20-2. With regard to goods, as may be prescribed by a Cabinet Order, for which the rates of customs duty are fixed on the condition that the goods are employed for such particular uses as specified in the Annexed Tariff, any person who wishes to obtain the benefit of application of the rates of customs duty subject to such condition that goods are employed for specified uses (provided that the said rates of customs duty are lower than the rates of customs duty which do not make it conditional that the goods are employed for such specified uses; hereinafter referred to as "reduced rates") shall proceed with formalities as may be prescribed by a Cabinet Order.

2. The goods to which the reduced rates referred to in the preceding paragraph have been applied shall not, within two years from the date of their import permission, be employed for uses other than the use for which the reduced rates have been applied or be transferred so that they may be employed for uses other than the said use. However, the foregoing provisions shall not apply to the case where an approval of the Director-General of Customs is given for unavoidable reasons as may be prescribed by a Cabinet Order.

3. In the case where an approval as provided for in the proviso to the preceding paragraph is given for the goods to which the reduced rates as provided for in paragraph 1 have been applied or in the case where the said goods are employed for uses other than the use for which the reduced rates have been applied or are transferred so that they may be employed for uses other than the said use, without the said approval, customs duty in an amount equivalent to the difference between the amount of customs duty calculated on the basis of the rate of customs duty chargeable if it is not conditional that the said goods are employed for the specified use and the amount of customs duty calculated on the basis of the said reduced rate shall forthwith be collected from the person found to fall under any of the aforementioned circumstances. The provisions of the proviso to paragraph 7 of Article 13 shall apply *mutatis mutandis* to this case.

(Uses of Goods Other than Those Specified for Which Customs Duty is Reduced or Exempted)

Article 20-3. In cases where any goods, to which duty-exemption, duty-reduction or reduced rates of duty have been applied under the provisions of paragraph 1 of Article 13, paragraph 1 of Article 15, paragraph 1 of Article 16, paragraph 1 of Article 17, paragraph 1 of Article 19 or paragraph 1 of the preceding Article, are employed for uses other than the use for which such reduction or exemption or reduced rates of duty have been applied or are transferred so that they

may be employed for uses other than the said use, if any person, who is to employ them for uses other than the said use or is to transfer them so that they may be employed for uses other than the said use, obtains the approval, as required, from the Director-General of Customs for such use or transfer and if he (or, in cases where the goods are transferred so that they may be employed for use other than the said use, the person to whom the goods are transferred) receives a verification, as may be prescribed by a Cabinet Order, from the Director-General of Customs that the use other than the said use of the said goods meets the conditions for duty reduction or exemption as provided for in the provisions of the law concerning reduction of or exemption from customs duty (in the next paragraph referred to as "reduction or exemption clause") and comes under any of the cases as may be prescribed by a Cabinet Order, the customs duty to be collected under the provisions of paragraph 7 of Article 13, paragraph 2 of Article 15, paragraph 2 of Article 16, paragraph 4 of Article 17, paragraph 4 of Article 19 or paragraph 3 of the preceding article shall not be collected, notwithstanding the provisions of these articles.

2. When the verification, as provided for in the preceding paragraph, is obtained from the Director-General of Customs, the provisions of this law and the Customs Law as well as any other laws relating to customs duty shall apply as if the goods so verified were those goods for which, at the time of such verification, a reduction or exemption clause was applied for the use so verified and an import permission was given, and as if the person who obtained the verification were the importer of the goods to which the reduction or exemption clause applied.

(Import-prohibited Goods)

Article 21. The goods enumerated in the following sub-paragraphs shall not be imported.

- (1) Narcotic drugs, psychotropics, hemp, opium, poppy straw, stimulants (including such raw materials therefor as are prescribed by the Stimulant Drugs Control Law (Law No.252 of 1951)), and utensils for opium smoking, excluding those imported by the Government or imported by any person authorized under any other law to import the same in accordance with the law.
- (2) Hand-guns, rifles, machine guns and cannons, and bullets for the same and parts of hand-guns, excluding those imported by any person authorized under any other law to import the same in accordance with the law.
- (3) Forged, altered, or imitation (or replicated) coins, bills or bank notes and securities, and cards incorporating, as one of their components, an electromagnetic record (i.e., a record that has been produced by an electronic method, a magnetic method, or other method imperceptible to the human senses without specialist equipment and that is used for data processing by computer) which is a component for a card unlawfully produced for the payment of prices or charges or for the withdrawal of deposits.
- (4) Books, drawings, carvings, and any other articles which corrupt, pervert or subvert public security or morals.

(5) Articles that infringe upon patent rights, utility model rights, design rights, trademark rights, copyrights, neighboring rights, circuit layout rights, or plant breeder's rights.

2. The Director-General of Customs may confiscate and destroy such goods prescribed in sub-paragraph (1), (2), (3), or (5) of the preceding paragraph which are to be imported or may order any person who intends to import such goods to reship them.

3. If goods to be imported as prescribed in Chapter 6 of the Customs Law include any goods which the Director-General of Customs has reasonable grounds to believe them to fall under the category of goods prescribed in sub-paragraph (4) of paragraph 1, then the Director-General of Customs shall notify such fact to the person who intends to import the said goods.

4. When the Director-General of Customs considers that goods to be imported as prescribed in Chapter 6 of the Customs Law include any goods that fall under the category of goods provided for in sub-paragraph (5) of paragraph 1, he shall, as may be prescribed by a Cabinet Order, carry out the procedures necessary to verify whether the said goods fall under the category of goods provided for in the said sub-paragraph (referred to as the "verification procedures" in the rest of this article to Article 21-5). In this case, the Director-General of Customs shall, as may be prescribed by a Cabinet Order, notify the holder of patent rights, utility model rights, design rights, trademark rights, copyrights, neighboring rights, circuit layout rights, or plant breeder's rights (hereinafter referred to as "patent right holder, etc." in the rest of this article) relating to the goods and the person who intends to import the said goods that he is to carry out the verification procedures.

5. In cases where the Director-General of Customs gives a notification under the preceding paragraph, he shall notify the name and address of the person who intends to import the goods and the consignor of the said goods to the patent right holder, etc. relating to the said goods, and the name and address of the said patent right holder, etc. to the person who intends to import the said goods.

6. When the Director-General of Customs considers that the name or address of the producer of the goods concerned are evident from the import declaration prescribed in Article 67 (Permission of exportation or importation) of the Customs Law or other relevant documents submitted to the Director-General of Customs relating to the importation of the goods about which the verification procedures prescribed in paragraph 4 are carried out, or documents submitted to the Director-General of Customs under the said verification procedures, or labels of the said goods, he shall notify, with the notification prescribed in that paragraph, or after the said notification while the verification procedures are carried out, the name or address of the said person to the patent right holder, etc. relating to the said goods.

7. Only after carrying out the verification procedures prescribed in paragraph 4, may the Director-General of Customs take the measure provided for in paragraph 2 with respect to goods to be imported as prescribed in Chapter 6 of the Customs Law.

8. When the Director-General of Customs has verified that the goods about which he carried out the verification procedures provided for in paragraph 4 (referred to as “the goods in question” in the next paragraph) fall or do not fall under the category of goods provided for in sub-paragraph (5) of paragraph 1, he shall notify the patent right holder, etc. relating to the verified goods and the person who intends to import the said verified goods of such fact and of the reason therefore. However, the foregoing provision shall not apply to cases where notification is given under the next paragraph.

9. If any of the cases enumerated in the following sub-paragraphs occurs before the notification of the verification with respect to the goods in question is given under the first sentence of the preceding paragraph, the Director-General of Customs shall notify the patent right holder, etc. relating to the goods in question of such fact and discontinue the verification procedures prescribed in paragraph 4.

- (1) Cases where the goods in question are destroyed under the provision of Article 34 (Destruction of foreign goods) of the Customs Law.
- (2) Cases where the goods in question are destroyed under the proviso to paragraph 1 of Article 45 (Exemption of persons who obtained permission of a hozei warehouse from liability for customs duty) of the Customs Law (including the case where that provision is applied *mutatis mutandis* under Article 36 (Foreign goods stored outside hozei areas with permission), Article 41-2 (Designated hozei areas owned by persons designated by a Cabinet Order), Article 62 (Hozei manufacturing warehouses), Article 62-7 (Hozei display areas), or Article 62-15 (Integrated hozei areas) of the Customs Law).
- (3) Cases where the goods in question are reshipped under the provision of Article 75 (Reshipment of foreign goods) of the Customs Law.
- (4) Any cases, other than those provided for in the preceding three sub-paragraphs, where the goods in question are no longer to be imported.

10. Any person who received the notification prescribed in paragraph 5 or 6 shall not disclose recklessly or use for unjustifiable purposes the matters notified.

(Formalities for Application Relating to Import-prohibited Goods, etc.)

Article 21-2. The holder of a patent right, utility model right, design right, trademark right, copyright, neighboring right, or plant breeder's right may, as may be prescribed by a Cabinet Order, apply to the Director-General of Customs for carrying out the verification procedures

provided for in paragraph 4 of the preceding article with respect to any goods, which the holder of such right considers infringe upon his patent right, utility model right, design right, trademark right, copyright, neighboring right, or plant breeder's right when the said goods are imported as prescribed in Chapter 6 of the Customs Law, by producing evidence necessary for proving *prima facie* the fact of infringement.

2. In cases where an application is lodged under the preceding paragraph, if the Director-General of Customs considers that there is no sufficient evidence for proving *prima facie* the fact of infringement, he may refuse to accept the application.

3. In cases where an application is lodged under paragraph 1, if the Director-General of Customs has accepted the application, he shall notify the person, who lodged the application, of such fact and of the period of effectiveness of the application (which means a period in which the Director-General of Customs is to carry out, in response to the application, the verification procedures as provided for in paragraph 4 of the preceding article each time he considers that goods to be imported as prescribed in Chapter 6 of the Customs Law include those goods which relate to the application), and if the Director-General of Customs has not accepted the application under the preceding paragraph, he shall notify the person, who lodged the application, of such fact and of the reason therefor.

4. In cases where the Director-General of Customs has accepted an application lodged under paragraph 1, if he has initiated the verification procedures as prescribed in paragraph 4 of the preceding article with respect to the goods relating to the application, he shall, as may be prescribed by a Cabinet Order, provide opportunities for the person who lodged the said application or the person who intends to import the said goods to inspect the said goods if the said person makes a request to do so. However, the foregoing provision shall not apply to cases where the verification procedures are discontinued under paragraph 9 of that article.

(Deposit Relating to Application, etc.)

Article 21-3. In cases where the Director-General of Customs has accepted an application lodged under paragraph 1 of the preceding article, if he considers that it is necessary for securing compensation for such damage as may be suffered by the person who intends to import the goods relating to the application due to the said goods not being imported before the completion of the verification procedures, with respect to the goods relating to the said application, as provided for in paragraph 4 of Article 21, the Director-General of Customs may order the person who lodged the said application (referred to as "applicant" in the rest of this article) to deposit an amount of money, which the Director-General of Customs considers reasonable, with a deposit office he designates by the time he specifies.

2. If the Director-General of Customs considers that the amount of money deposited under the preceding paragraph is insufficient to secure compensation for damage provided for in the said paragraph, he may order the applicant to deposit an amount of money to cover the insufficiency by the time the Director-General of Customs specifies.

3. Such government bonds, municipal bonds and other securities (including book-entry transfer corporate bonds, etc. provided for in paragraph 1 of Article 129 (Deposit of book-entry transfer corporate bonds, etc.) of the Law concerning Book-Entry Transfer of Corporate Bonds, etc. (Law No.75 of 2001); hereinafter in this article and Article 21-5 referred to as the same) as are recognized as being secure by the Director-General of Customs may be substituted for cash funds to be deposited under the preceding two paragraphs.

4. Necessary matters concerning the formalities to be made to the Director-General of Customs with respect to deposits made as ordered under paragraph 1 or 2 shall be prescribed by a Cabinet Order.

5. If, as may be prescribed by a Cabinet Order, an applicant concludes a contract to the effect that a necessary amount of money is to be paid on behalf of the applicant to be appropriated for compensation for damage provided for in paragraph 1 and reports such fact to the Director-General of Customs by the time specified under that paragraph or paragraph 2, then he may, provided that the said contract remains effective, elect not to deposit all or part of the amount of money provided for in paragraph 1 or 2.

6. Any importer of goods prescribed in paragraph 1 shall have the right, with respect to his claim against an applicant for compensation for damage as provided for in that paragraph, to receive payment prior to any other creditors from such cash funds as are deposited under that paragraph and paragraph 2 (including such securities as may be deposited under paragraph 3; this inclusion shall also apply in paragraphs 8 to 10).

7. Necessary matters concerning the execution of the right provided for in the preceding paragraph shall be prescribed by a Cabinet Order.

8. If any of the cases enumerated in the following sub-paragraphs arises, the applicant who has deposited money under paragraph 1 or 2 may recover the deposited sum.

- (1) Cases where the applicant has received notification under the first sentence of paragraph 8 of Article 21 that the goods which necessitated the deposit fall under the category of goods provided for in sub-paragraph (5) of paragraph 1 of that article.
- (2) Cases where the applicant has received notification under paragraph 9 of Article 21 with respect to the goods which necessitated the deposit.

- (3) Cases where the applicant has proved to the Director-General of Customs, and has had it confirmed by him, that the importer of the goods prescribed in paragraph 1 has consented to recovery of the deposited money, that the claim for compensation for damage provided for in that paragraph has extinguished by extinctive prescription, or that it is otherwise no longer necessary to secure compensation for damage provided for in that paragraph.
- (4) Cases where the applicant has concluded a contract as provided for in paragraph 5 and has obtained the approval of the Director-General of Customs as may be prescribed by a Cabinet Order.
- (5) Cases where the applicant has obtained the approval of the Director-General of Customs, as may be prescribed by a Cabinet Order, for substituting another deposit for that which is actually deposited (e.g., for a reason of redemption of deposited securities).

9. Any necessary matters concerning the recovery of deposited money under the preceding paragraph shall be prescribed by an Ordinance of the Ministry of Justice / Ministry of Finance.

10. If any person ordered to make a deposit as prescribed in paragraph 1 or 2 fails to deposit all the money he is ordered to deposit by the time specified under these provisions and if he does not report the conclusion of a contract as prescribed in paragraph 5, then the Director-General of Customs may discontinue the verification procedures provided for in paragraph 4 of Article 21 with respect to the goods which necessitated the deposit order.

11. When under the preceding paragraph the Director-General of Customs discontinues the verification procedures provided for in paragraph 4 of Article 21, he shall notify such fact to the person who lodged the application relating to the said verification procedures and the person who intends to import the goods relating thereto.

(Request to Ask for Opinions, etc.)

Article 21-4. In cases where the verification procedures prescribed in paragraph 4 of Article 21 have been carried out with regard to the goods of the said application under paragraph 1 of Article 21-2, the holder of a patent right, utility model right or design right whose application under that paragraph has been accepted (hereinafter referred to as "applying patent right holder, etc.") may, as prescribed by a Cabinet Order, make a request to the Director-General of Customs to ask for an opinion from the Commissioner of the Japan Patent Office concerning the technical scope prescribed in paragraph 1 of Article 70 (Technical scope of a patented invention) of Patent Law (Law No.121 of 1959)(including the cases where the said paragraph is applied *mutatis mutandis* under Article 26 of Utility Model Law (Law No.123 of 1959)) or the scope prescribed in paragraph 1 of Article 25 (Scope of the registered design, etc.) of

Design Law (Law No.125 of 1959), in order to verify as to whether the goods under the verification procedures fall under the category of goods which infringe the patent rights, the utility model rights or the design rights of the applying patent right holder, etc., by the date passing 10 working days (without counting the dates prescribed in each sub-paragraph (closing day of government bodies) of paragraph 1 of Article 1 of the Law Concerning Closing Days of Government Bodies (Law No.91 of 1988)(referred to as “closing day of government bodies” in this paragraph)) reckoned from the date (referred to as “the date of passing 10 days” in paragraphs 1 and 2 of the next Article) (in cases where the Director-General of Customs has notified, prior to the expiry date of the said period, the applying patent right holder, etc. and the person who intends to import the goods under the verification procedures of his decision that the extension of the said period is necessary, taking into account the progress of the verification procedures and other relevant matters; the period may be extendable to the date passing 20 working days (without counting the dates of closing day of government bodies) reckoned from the date of notification (referred to as “the date of passing 20 days” in paragraph 1 of the next Article)) of the notification provided for in paragraph 4 of Article 21 (referred to as “the date of notification” in this paragraph and paragraph 2 of the next Article), only when the verification procedures are being carried out.

2. The Director-General of Customs shall, when the request prescribed in the foregoing paragraph is made, request the Commissioner of the Japan Patent Office to state his opinion, as may be prescribed by a Cabinet Order. However, this shall not apply to cases when the goods relating to the request prescribed in that paragraph are obviously known to fall or not to fall under the category of goods enumerated in sub-paragraph 5 of paragraph 1 of Article 21 or when he deems it unnecessary to request an opinion of the Commissioner of the Japan Patent Office.

3. In cases where a request prescribed in paragraph 1 has been made, if the Director-General of Customs does not request an opinion of the Commissioner of the Japan Patent Office under the provision of the second sentence of the foregoing paragraph, he shall notify such fact and the reasons to the applying patent right holder, etc. who made the said request prescribed in paragraph 1.

4. The Commissioner of the Japan Patent Office shall, when his opinion is requested by the Director-General of Customs under the provision of the first sentence of paragraph 2, state his opinion, in writing, within 30 days from the date of the said request.

5. The Director-General of Customs shall, when he requests an opinion of the Commissioner of the Japan Patent Office under the provision of the first sentence of paragraph 2, notify such fact to the applying patent right holder, etc. relating to the request and the person who intends to

import the goods relating to the request.

6. The Director-General of Customs shall, when the opinion of the Commissioner of the Japan Patent Office prescribed in paragraph 4 is stated, notify such fact and the contents of the said opinion to the applying patent right holder, etc. who made the said request prescribed in paragraph 1 and the person who intends to import the goods relating to the request.

7. The Director-General of Customs shall not, when he requests an opinion of the Commissioner of the Japan Patent Office to under the first sentence of paragraph 2, verify, before he states his opinion as provided in paragraph 4 relating to the request, that the goods relating to the request do not fall under the category of goods prescribed in sub-paragraph 5 of paragraph 1 of Article 21.

8. The Director-General of Customs shall, when he requests an opinion of the Commissioner of the Japan Patent Office under the provision of the first sentence of paragraph 2, and if he came to verify that goods relating to the request fall under the category of goods prescribed in sub-paragraph 5 of paragraph 1 of Article 21 before the statement of his opinion prescribed in paragraph 4 relating to the request or he discontinued the verification procedures provided for in paragraph 4 of Article 21 for the goods in accordance with the provision of paragraph 9 of Article 21 or paragraph 10 of Article 21-3, notify such fact to the Commissioner of the Japan Patent Office. In this case, the Commissioner of the Japan Patent Office is not required to state his opinion prescribed in paragraph 4.

(Requests to Discontinue the Verification Procedures, etc.)

Article 21-5. When the verification procedures provided for in paragraph 4 of Article 21 are carried out with respect to the goods relating to the application lodged by the applying patent right holder, etc., a person who intends to import such goods may, as may be prescribed by a Cabinet Order, request to the Director-General of Customs to discontinue the said verification procedures after the date enumerated in each of the following sub-paragraph, and only when the verification procedures are being carried out, in accordance with the cases prescribed in the following sub-paragraphs.

- (1) Cases when the said person has been notified under paragraph 1 of the preceding article that the period to the date of passing 10 days is to be extended: the date of passing 20 days (when the said person was notified that an opinion of the Commissioner of the Japan Patent Office had been requested under paragraph 5 of the preceding article, the date of passing 20 days or the 10th day reckoned from the date on which the person received the notification prescribed in paragraph 6 of the same article relating to the request, whichever is the later).
- (2) Cases other than those enumerated in the preceding sub-paragraph: the date of

passing 10 days (when the said person was notified that an opinion of the Commissioner of the Japan Patent Office had been requested under paragraph 5 of the preceding article, the date of passing 10 days or the 10th day reckoned from the date on which the person received the notification prescribed in paragraph 6 of that article relating to the request, whichever is the later).

2. The Director-General of Customs shall notify, prior to the date of passing 10 days, the date of notification to the person who intends to import the goods, when he has carried out the verification procedures prescribed in paragraph 4 of the Article 21, with respect to the goods relating to the application lodged by the applying patent right holder, etc.

3. The Director-General of Customs shall, in cases where a request is made, pursuant to paragraph 1, to discontinue the verification procedures provided for in paragraph 4 of Article 21, notify such fact to the applying patent right holder, etc. who lodged the application for the said verification procedures, and order the person who made the said request (hereinafter referred to as "requester" in this article) to deposit an amount of money, which the Director-General of Customs considers reasonable, with a deposit office he designates by the time he specifies, in order to secure compensation for such damage as may be suffered by the said applying patent right holder, etc. due to the importation of the said goods relating to the verification procedures.

4. Such government bonds, municipal bonds and other securities as are recognized as being secure by the Director-General of Customs may be substituted for cash funds to be deposited under the preceding paragraph.

5. Necessary matters concerning the formalities to be made to the Director-General of Customs with respect to deposits made as ordered under paragraph 3 shall be prescribed by a Cabinet Order.

6. If, as may be prescribed by a Cabinet Order, a requester concludes a contract to the effect that a necessary amount of money is to be paid on behalf of the requester to be appropriated for compensation for damage provided for in paragraph 3 and reports such fact to the Director-General of Customs by the time specified under that paragraph, then he may, provided that the said contract remains effective, elect not to deposit all or part of the amount of money provided for in that paragraph.

7. The applying patent right holder, etc. prescribed in paragraph 3 shall have the right, with respect to his claim against a requester for compensation for damage as provided for in that paragraph, to receive payment prior to any other creditors from such cash funds as are

deposited under that paragraph (including such securities as may be deposited under paragraph 3, this inclusion shall also apply in paragraphs 9 to 11).

8. Necessary matters concerning the execution of the right provided for in the preceding paragraph shall be prescribed by a Cabinet Order.

9. If any of the cases enumerated in the following sub-paragraphs arises, the requester who has deposited money under paragraph 3 may recover the deposited sum.

- (1) Cases where the requester has proved to the Director-General of Customs, and has had it confirmed by him, that the applying patent right holder, etc. prescribed in paragraph 12 has consented to recovery of the deposited money, that the claim for compensation for damage provided for in paragraph 3 has extinguished by extinctive prescription, or that it is otherwise no longer necessary to secure compensation for damage provided for in that paragraph.
- (2) Cases where the requester has concluded a contract as provided for in paragraph 6 and has obtained the approval of the Director-General of Customs as may be prescribed by a Cabinet Order.
- (3) Cases where the requester has obtained the approval of the Director-General of Customs, as may be prescribed by a Cabinet Order, for substituting another deposit for that which is actually deposited (e.g., for a reason of redemption of deposited securities).
- (4) Any cases, other than those provided for in the preceding three sub-paragraphs, where the applying patent right holder, etc. prescribed in paragraph 12 has not filed a law suite for compensation of damage provided for in paragraph 3 within 30 days reckoned from the date he received the notification prescribed in the said paragraph.

10. Any necessary matters concerning the recovery of deposited money under the preceding paragraph shall be prescribed by an Ordinance of the Ministry of Justice/ Ministry of Finance.

11. The Director-General of Customs shall, when any person ordered to make a deposit as prescribed in paragraph 3 deposits all the money he is ordered to deposit by the time specified under that paragraph, or when he reports the conclusion of a contract as prescribed in paragraph 6, discontinue the verification procedures provided for in paragraph 4 of Article 21 with respect to the goods which necessitated the deposit order.

12. The Director-General of Customs shall, when, under the preceding paragraph, he discontinues the verification procedures provided for in preceding paragraph 4 of Article 21, notify such fact to the person who intends to import the goods relating to the said verification procedures and the applying patent right holder, etc. who lodged the application relating

thereto.

Article 22. Deleted.

(Territories Deemed to be a Foreign Country)

Article 23. For the purposes of application of this Law, such territories of Japan as may be prescribed by a Cabinet Order shall *pro tem* be deemed to be a foreign country.