

ADB-WCO National Workshop on RKC Implementation

Japanese experience on implementing RKC
requirement on Special Procedures for
Authorized Persons and AEO



9-12, June 2014
Thimphu, Bhutan
Japan Customs



Outline

1. Basic Clearance Procedures
2. Development of Risk and Compliance-based Approaches
3. Simplified Declaration System
4. AEO Program

1. Basic Clearance Procedures

Main Principles of Basic Clearance Procedures

- * **A person intending to import or export goods shall make a declaration to Customs and shall obtain permission.**

(Customs Law, Article 67)

- * **An import declaration shall be made after the goods to be imported are carried into a customs area.**

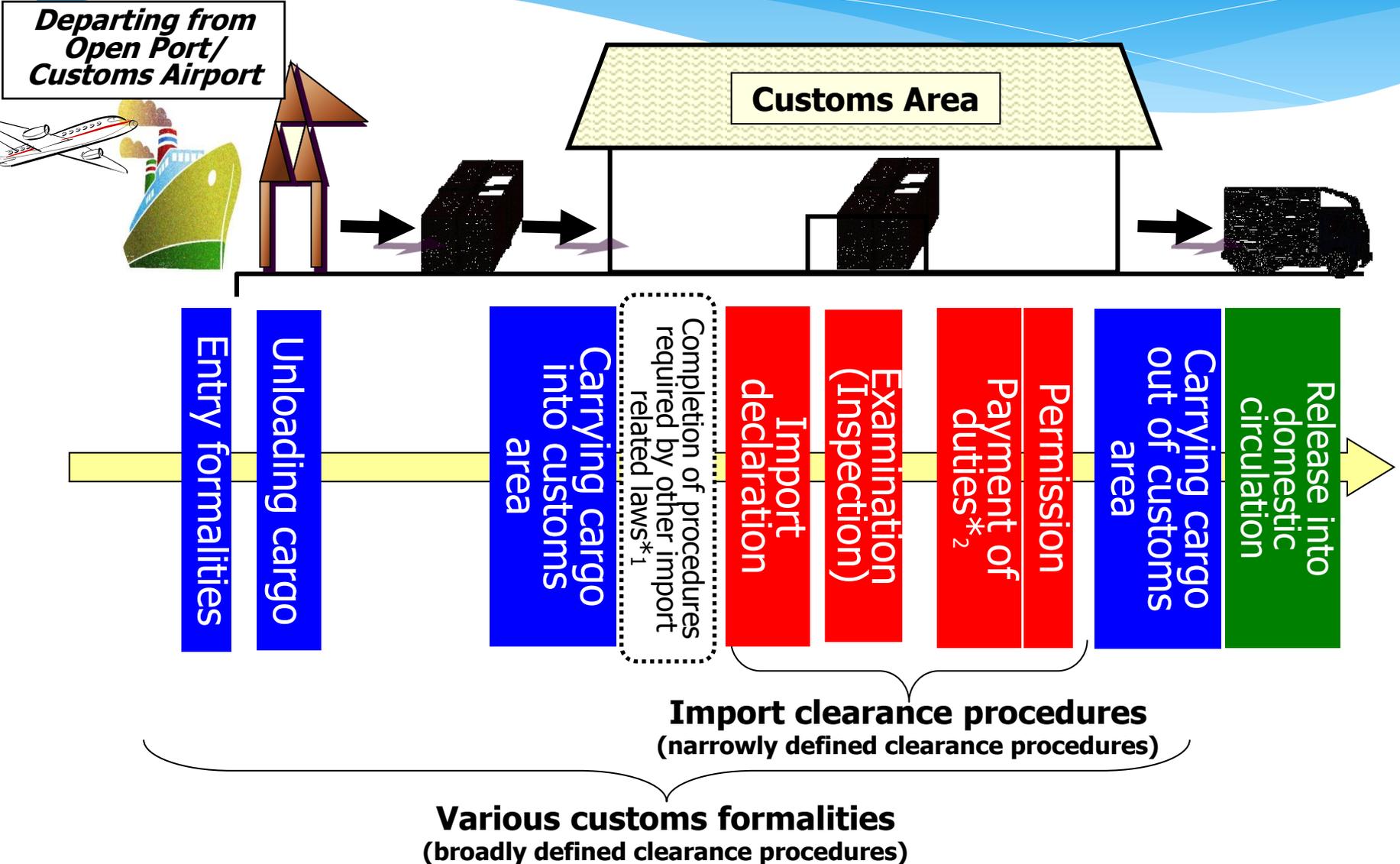
(Customs Law, Article 67-2(2))

- * **No foreign goods may be stored at places other than customs areas.** (Customs Law, Article 30(1))

Note: The texts above are abridged and unofficial translation.

Principles of basic clearance procedures are not limited to those given above. Generally, exceptions to such principles are provided as measures for simplified and expeditious clearance.

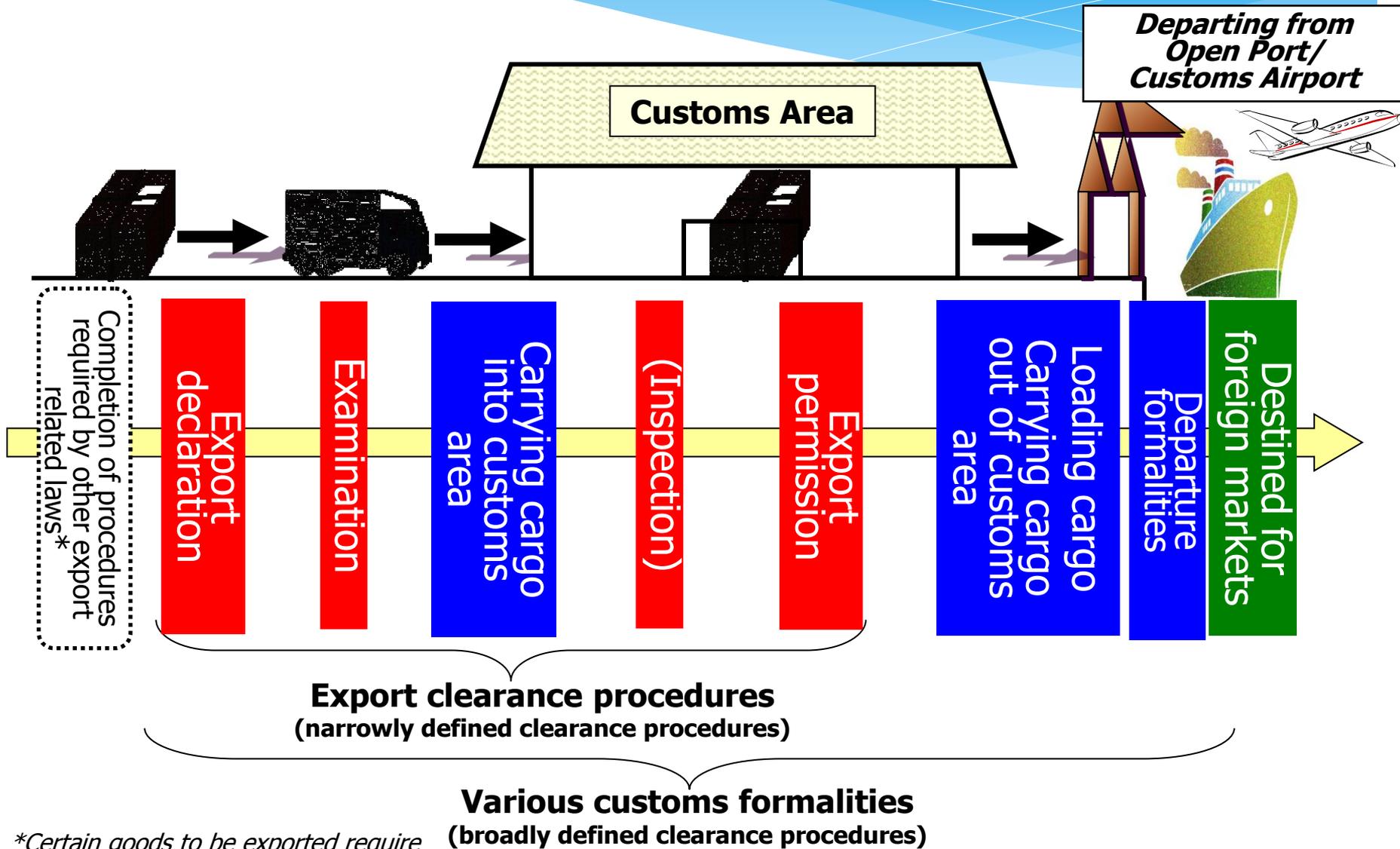
Basic Flow of General Cargo: Import



*₁ Certain goods to be imported require permission or approval according to relevant laws and regulations other than Customs Law.

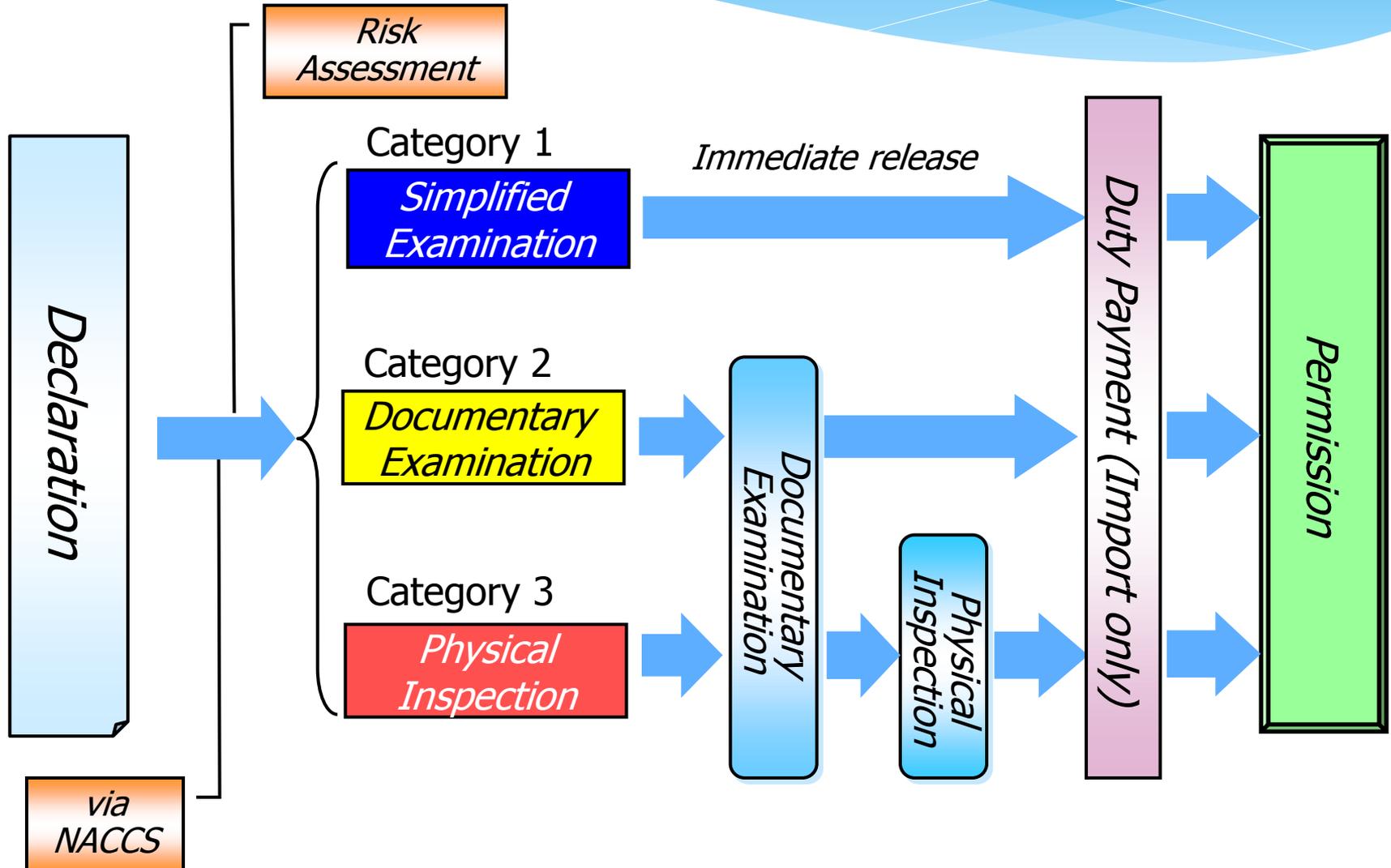
*₂ Customs also collect payable consumption tax and other excise taxes, such as liquor tax, at the time of import clearance.

Basic Flow of General Cargo: Export



*Certain goods to be exported require permission or approval according to relevant laws and regulations other than Customs Law.

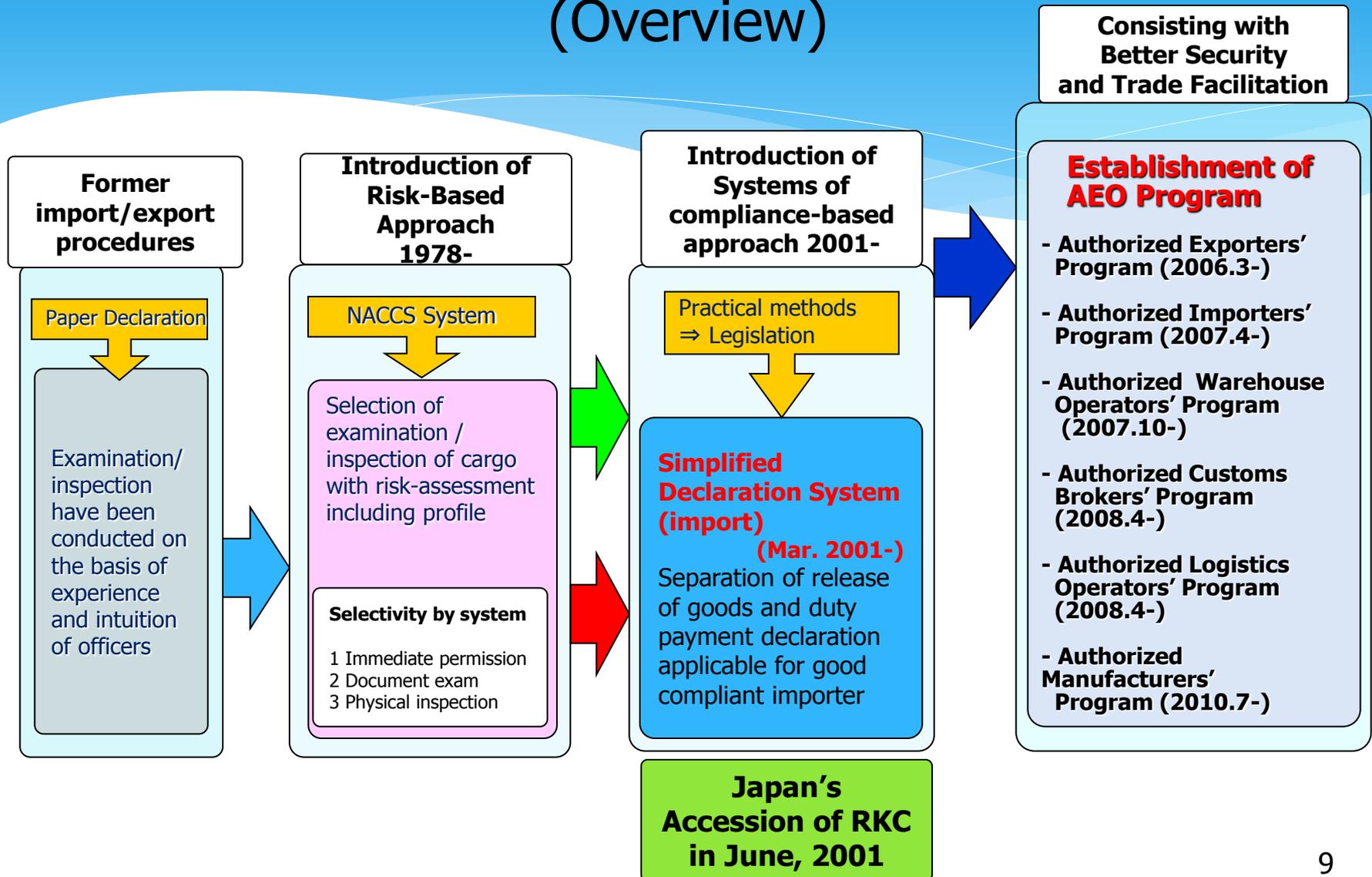
Basic Examination Scheme through NACCS



2. Development of Risk and Compliance-based Approaches

~from Accession of RKC
to Introduction of AEO~

Development of Risk and Compliance-based Approaches (Overview)



AEO Program in the World

9.11 Terrorist Attacks (2001)



Enhancement of cargo inspection
⇒ Stagnation of cargo
⇒ Necessity to ensure security and facilitation in trade

Introduction of C-TPAT in the US (2001)



Development of international standards

<WCO Council Sessions>

- Adoption of SAFE Framework of Standards which includes the concept of AEO program (2005)
- Adoption of AEO Guidelines (2006)
- Addition of AEO Guidelines to SAFE Framework of Standards (2007)



Introduction of AEO Program in various countries including Japan, New Zealand, EU, Korea, Singapore, Canada, etc.

3. Simplified Declaration System

Points of the RKC (General Annex)

Harmonization of Customs Procedures

Making implementation of international standards concerning customs procedures obligatory

[Characteristics]

Modernization of Customs Procedure

(Chapter 6 and 7)

Introduction of modern methods such as risk management, information technology and audit-based controls

Transparency of Customs Procedure

(Chapter 9)

Improvement of transparency by stipulating specific requirements concerning application of customs procedure in national legislation

Acceleration of Customs Procedure

(Chapter 3)

Making an effort to admit more expeditious procedures for authorized trader who meet criteria specified by the customs

[Examples]

- Targeting goods which should be examined on the basis of appropriate risk management
- Electronic submission of required documents (e.g. NACCS in Japan)
- Utilization of Post Clearance Audit

- Prompt publication in the course of statutory revisions (e.g. Publication of the official gazette in Japan)
- Advance ruling system

- Separation of the import and duty payment declaration (e.g. Authorized Importers' Program in Japan)
- A single declaration concerning imports or exports in a given period (e.g. Authorized Exporters' Program in Japan)

Special Procedures for Authorized Persons

GA 3.32. Transitional Standard

For authorized persons who meet criteria specified by the Customs, including having an appropriate record of **compliance with Customs requirements** and a satisfactory **system for managing their commercial records**, the Customs shall provide for :

- release of the goods on the provision of the **minimum information necessary** to identify the goods and permit the subsequent completion of the final Goods declaration;
- clearance of the goods at the declarant's **premises or another place** authorized by the Customs;

Special Procedures for Authorized Persons (RKC Guidelines)

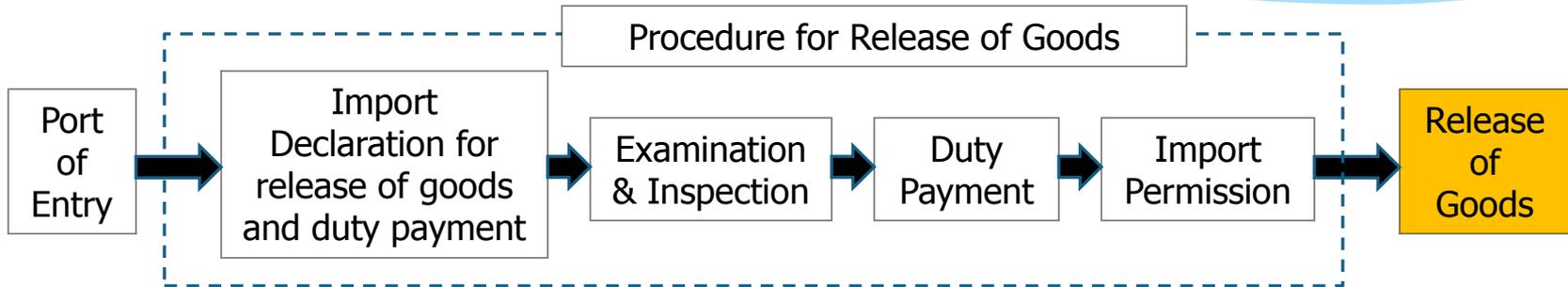
Release on minimum information

The procedure usually requires **an initial declaration to enable the release of the goods, followed later and within a specified period of time by a supplementary declaration** containing all the normally required information or by the provision of any supplementary information. The amount of duties and taxes due will be based on the completed information. However, the goods will be assigned to the requested Customs procedure based on the initial declaration.

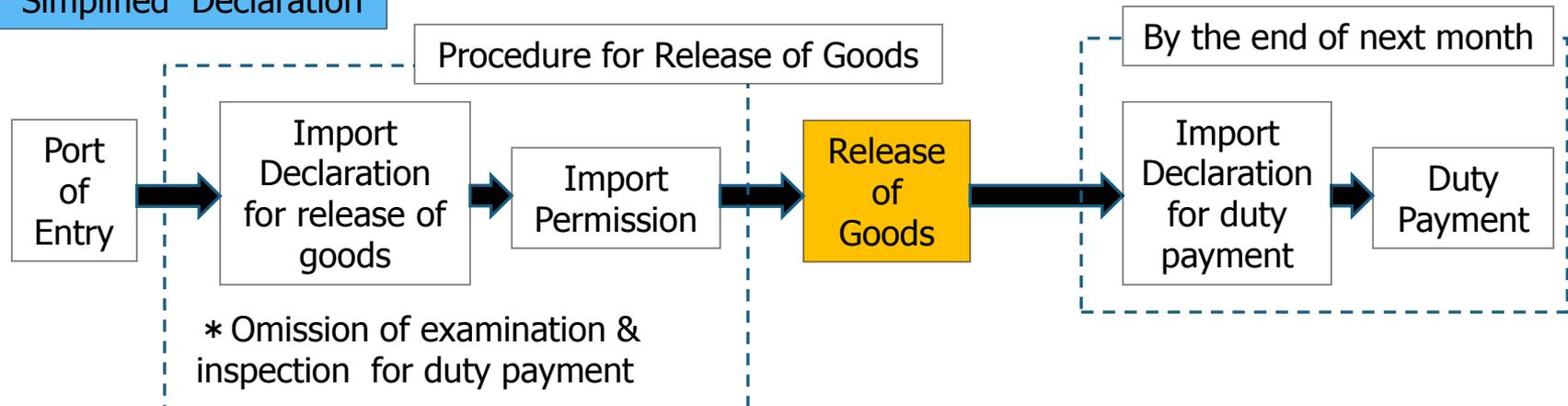
The information required on the initial declaration should be limited to that necessary to determine the admissibility of the goods. This will normally include the description , origin, place of departure, quantity and value of the goods.

Flow of Simplified Declaration System

Normal Procedure



Simplified Declaration



Benefits of Simplified Procedures

Reduced number of elements for import declaration

Paperless in import declaration (in principal)

Omission of examination and inspection for duty payment (in principal)

Declaration for duty payment can be filed after certain period of time
(by next month of release of goods)



Simplification and Streamlining of Customs Procedure

Requirements to use Simplified Declaration System

Authorization as a trader
with high compliance records

Designation of cargo

Requirements for Authorization

Continuous records of import

No Violation against Customs related Laws for the last 3 years

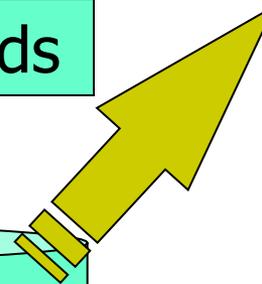
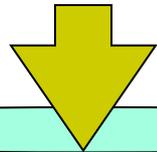
No delinquency in payment for the last 3 years

No revocation of authorization for the last year

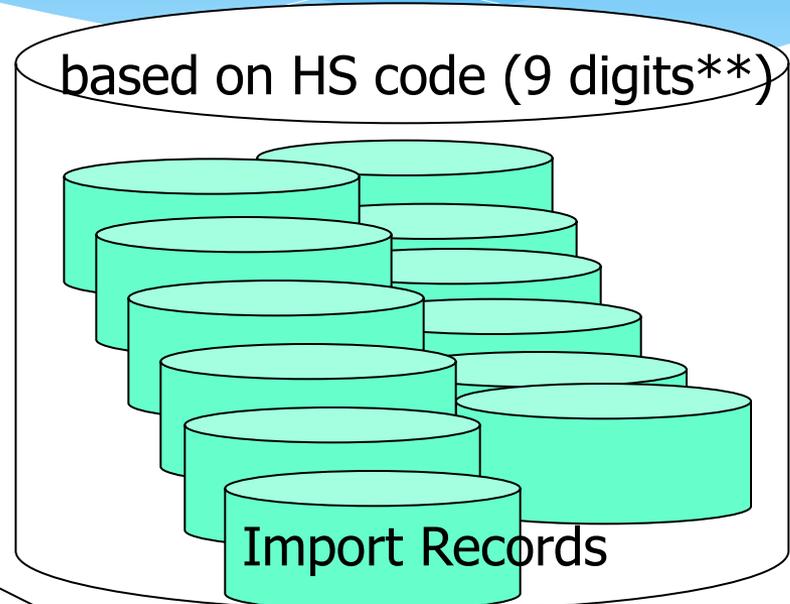
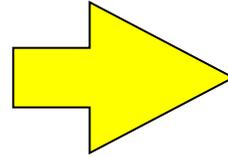
Maintenance of books and records

Authorization

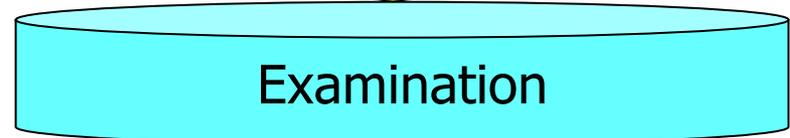
Examination & Validation



Requirements for Designation of Cargo



- More than 24 times* of import for one year
- No impose of additional tax on designated cargo for one year



*Reduced to 6 times in 2003
(2 years after the introduction of
this system)

** Changed to 6 digits in 2005

Elimination of cargo designation in 2007 (transition to AEO program)

Revocation of Authorization

No import of designated cargo

Violation against Customs
related Laws

Delinquency in payment

Delay of declaration for tax
payment

No provision of guarantee

No maintenance of books and
records

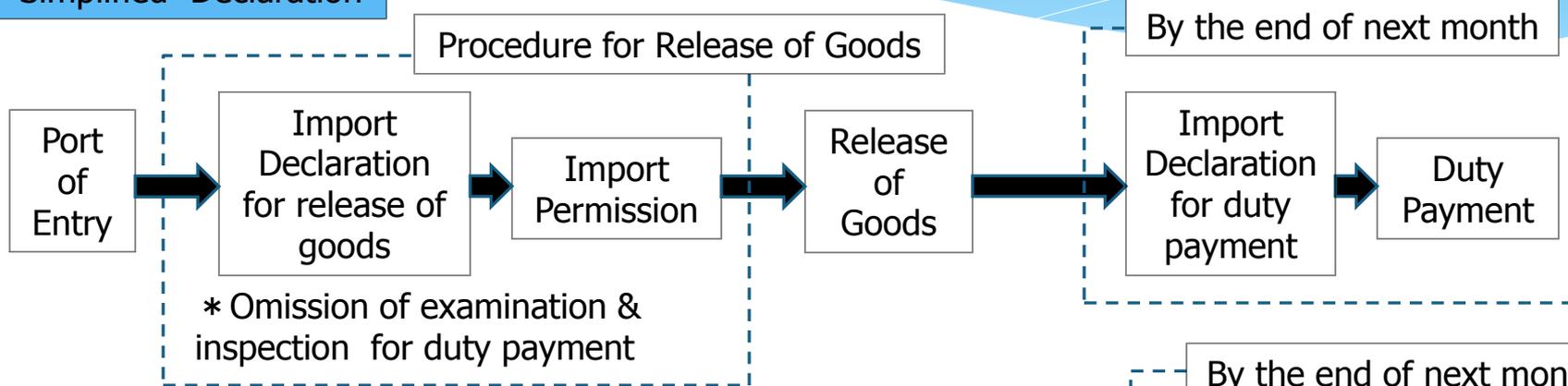
False entry in books and records



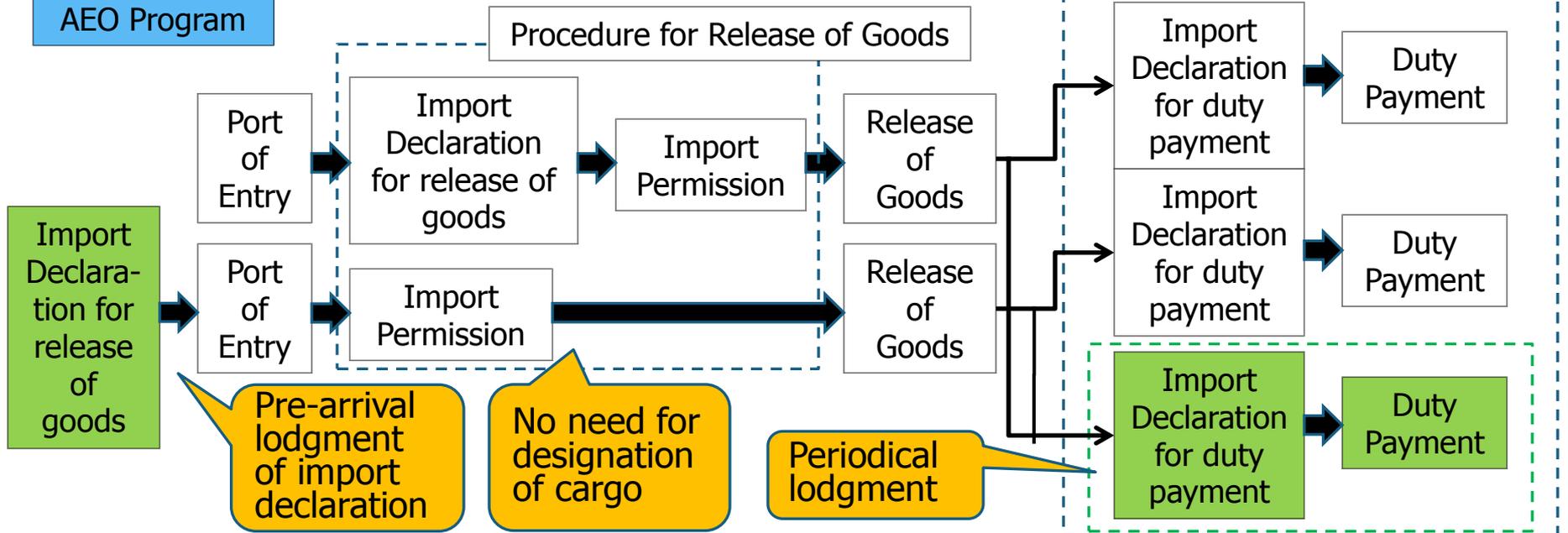
4. AEO Program

Development to AEO Program

Simplified Declaration



AEO Program



Requirements and Benefits of Japan's AEO Program

Requirements

Consistent with "WCO SAFE FoS"

- Compliance record
- Proper ability to conduct operations
- Cargo/conveyance/premises security
- Compliance Program
 - organizational set-up
 - due Customs procedures
 - internal audit
 - contracting parties requirement
 - communication with Customs
 - crisis management
 - financial integrity
 - education/training

etc.

Examples of Benefits

Authorized Importers

- Pre-arrival lodgment of import declaration and pre-arrival import permission – early release of cargo
- Reduced number of elements for import declaration
- Reduced examination and inspection at the time of import
- Periodical lodgment of duty/tax payment declaration

Authorized Exporters

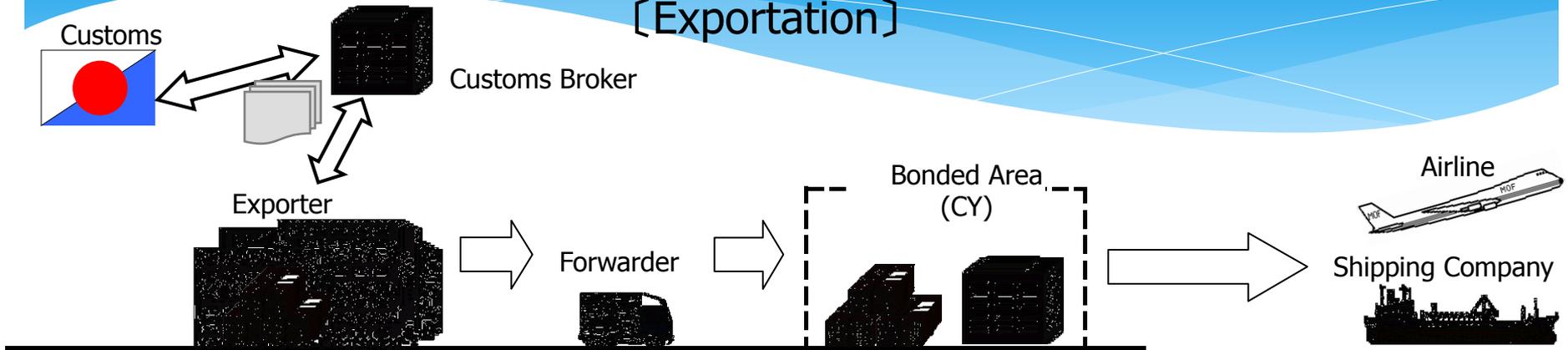
- Export procedures are completed while keeping the cargo in their own premises
- Reduced examination and inspection at the time of export

Authorized Warehouse Operator

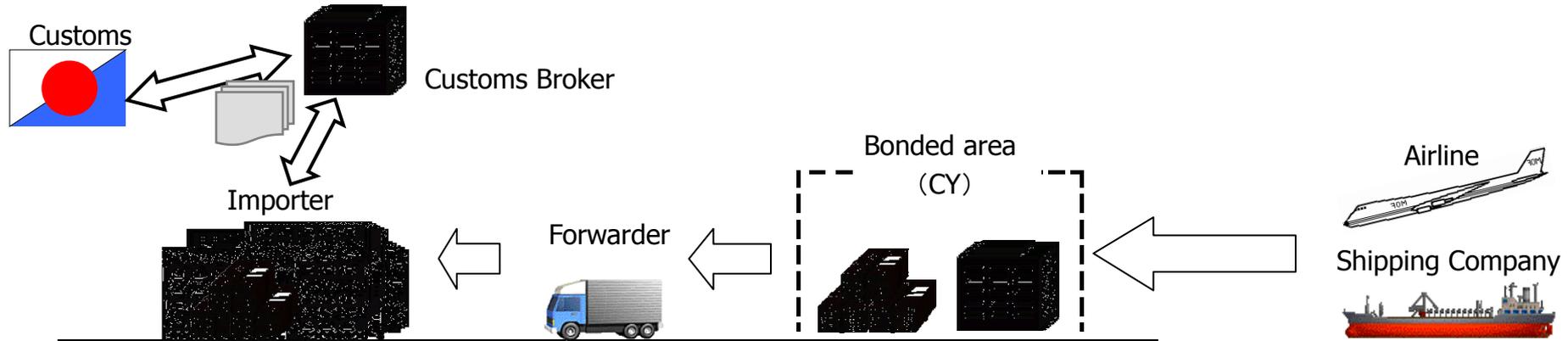
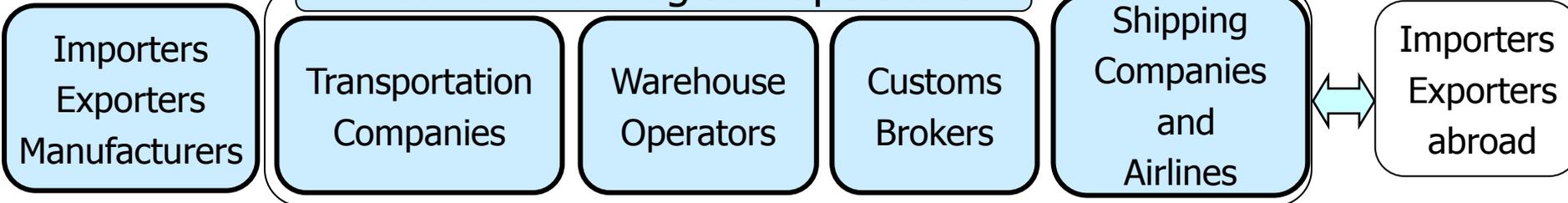
- Establishment of a new Customs warehouse only by notification
- Free monthly fee

Scope of Japan's AEO Program

[Exportation]



International Logistic Operators

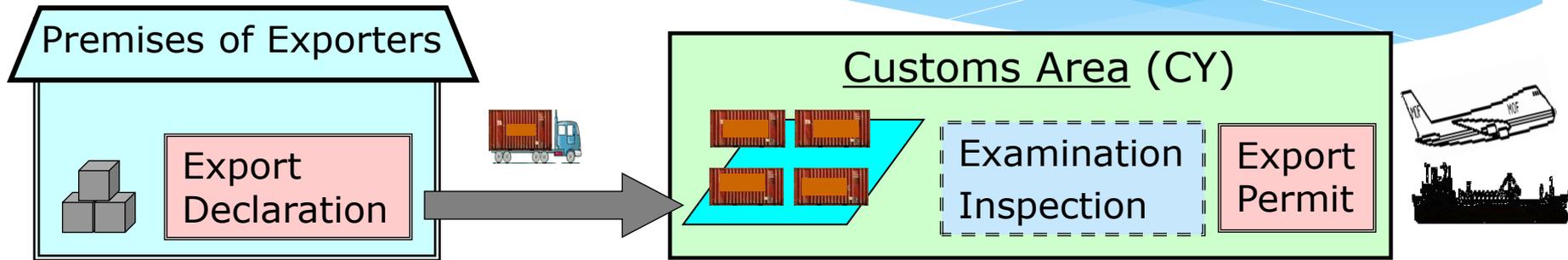


[Importation]

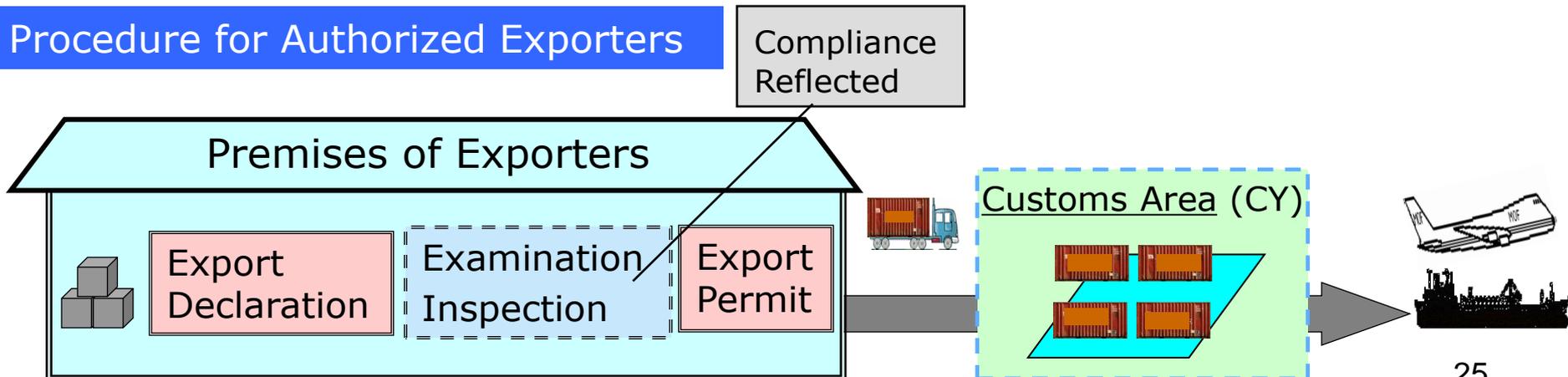
AEO Program for Exporters

- Waive the requirement to store goods in the Customs area
- Compliance-reflected reduced examination and inspection

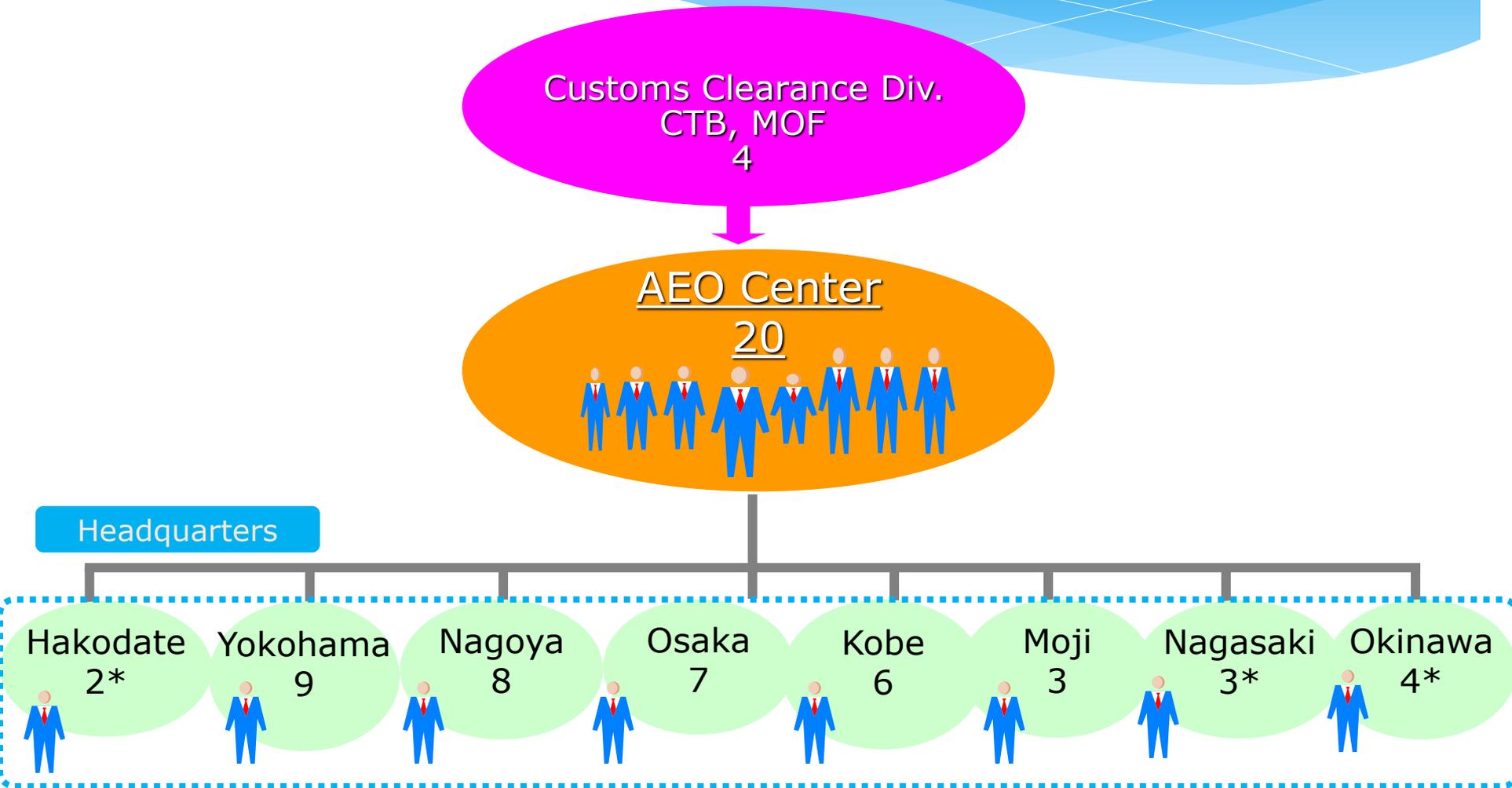
General Procedure



Procedure for Authorized Exporters



Structure of Sections in charge of AEO Program



* Officers in Hakodate, Nagasaki and Okinawa are not solely in charge of AEO program

Current Situation

(as of June 6, 2014)

Exporters	236 Exporters
Importers	87 Importers
Warehouse Operators	114 Warehouse Operators
Customs Brokers	83 Customs Brokers
Logistic Operators	7 Logistic Operators

Total: 527 AEOs



Thank you for your attention.

