

The Act on Promoting the Distribution and Use of Legally Harvested Wood is hereby promulgated.

Act on Promoting the Distribution and Use of Legally Harvested Wood (Tentative translation)

Act No. 48 of May 20, 2016

Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act, given that illegal harvesting of forests (hereinafter referred to as "illegal logging") in Japan or foreign nations and the distribution of wood pertaining to illegal logging may affect prevention of global warming, preservation of the natural environment, and supply of forestry products and other diverse functions of forests, and that illegal logging may also impede fair transactions in the wood market, is to promote sustainable and sound development of the wood industry with consideration for the preservation of the natural environment by specifying basic matters for promoting the distribution and use of legally harvested wood, etc., and taking measures, etc., to ensure the use of legally harvested wood, etc., by wood-related business operators, thereby contributing to the preservation of the local and global environment.

(Definitions)

Article 2 The term "wood, etc." as used in this Act means wood (excluding that collected or disposed of after being used or without being used, and those made from said wood; hereinafter the same shall apply in this Article) and furniture, paper, and other goods manufactured by processing wood or using wood as a main raw material, which are specified by ordinances of the competent ministry (excluding those that are collected or disposed of after being used or without being used).

(2) The term "legally harvested wood, etc." as used in this Act means wood made from trees logged in accordance with the laws and regulations of Japan or the country of origin (including prefectural or municipal ordinances in the case of Japanese laws and regulations; the same shall apply in Article 6, paragraph [1], item [i]) and furniture, paper, and other goods manufactured by processing said wood or using said wood as a main raw material, which are specified by ordinances of the competent ministry (excluding those that are collected or disposed of after being used or without being used).

(3) The term "wood-related business operator" means a person who conducts a business that manufactures, processes, imports, exports, or sells wood, etc. (excluding sale to consumers), a business that builds or constructs buildings and other structures using wood, and other businesses using wood, etc., which are specified by ordinances of the competent ministry.

Chapter II Basic Policy

(Basic Policy)

Article 3 In order to comprehensively and systematically promote the distribution and use of legally harvested wood, etc., the competent minister shall specify the Basic Policy for Promoting the Distribution and Use of Legally Harvested Wood (hereinafter referred to simply as "Basic Policy" in this Article and Article 6, paragraph [2]).

(2) The following matters shall be specified in the Basic Policy:

- (i) Basic directions for promoting the distribution and use of legally harvested wood, etc.;
 - (ii) Matters concerning measures to promote the distribution and use of legally harvested wood, etc.;
 - (iii) Matters pertaining to dissemination of knowledge on the meaning of promoting the distribution and use of legally harvested wood, etc.; and
 - (iv) Other important matters concerning promotion of the distribution and use of legally harvested wood, etc.
- (3) The competent minister must, when intending to specify or revise the Basic Policy, consult with Minister of the Environment and the heads of relevant administrative organs.
- (4) The competent minister must, when having specified or revised the Basic Policy, publicly announce this without delay.

(Responsibilities of the State)

Article 4 The State must endeavor to take measures such as securing funds necessary to promote the distribution and use of legally harvested wood, etc.

- (2) In order to contribute to promoting the distribution and use of legally harvested wood, etc., the State shall collect and provide information on the situation of domestic and international production and distribution of wood, etc., laws and regulations concerning the sustainable use of forests in Japan and other nations, laws and regulations concerning trading, etc., and other laws and regulations concerning the ensuring of appropriate distribution of wood, etc., and take other necessary measures, as well as publicize the system pertaining to said registration, announce excellent initiatives by Registered Wood-Related Business Operators set forth in Article 13, paragraph (1), and take other necessary measures to promote the registration of wood-related business operators set forth in Article 8.
- (3) The State shall, through educational and publicity activities, etc., take necessary measures to enhance business operators' and citizens' understanding on the significance of promoting the distribution and use of legally harvested wood, etc.

(Responsibilities of Business Operators)

Article 5 A business operator must endeavor to use legally harvested wood, etc. when using wood, etc.

Chapter III Standards of Judgement for Wood-Related Business Operators

(Standards of Judgement for Wood-Related Business Operators)

Article 6 In order to promote the distribution and use of legally harvested wood, etc., the competent minister shall specify the following matters that would serve as the standards of judgment for wood-related business operators, with regard to measures to be taken by wood-related business operators to ensure the use of legally harvested wood, etc. by an ordinance of the competent ministry:

- (i) Matters to confirm that wood, etc. handled by wood-related business operators are harvested in accordance with the laws and regulations of Japan or the country of origin;
- (ii) Matters concerning additional measures which need to be taken by wood-related business operators to ensure the use of legally harvested wood, etc. in cases where the preceding item cannot be confirmed;
- (iii) Matters concerning necessary measures when wood-related business operators transfer wood, etc.; and
- (iv) Matters concerning the confirmation set forth in item (i) and the record management pertaining to the measures set forth in item (ii), as well as other matters specified by an ordinance of the

competent ministry.

- (2) Matters that would serve as the standards of judgment for wood-related business operators set forth in the preceding paragraph shall be specified in line with the Basic Policy and by taking into consideration the situation of domestic and international production and distribution of wood, etc. and the enforcement of laws and regulations concerning the sustainable use of forests in Japan and other nations, laws and regulations concerning trading, etc., and other laws and regulations concerning the ensuring of appropriate distribution of wood, etc., as well as types of business engaged in by wood-related business operators and other circumstances, and necessary revision shall be made in accordance with the change in such circumstances.

(Guidance and Advice)

Article 7 The competent minister may, when finding it necessary to promote the distribution and use of legally harvested wood, etc., provide wood-related business operators with necessary guidance and advice with regard to the measures for ensuring the use of legally harvested wood, etc., by considering the matters that shall be the standards of judgment for wood-related business operators set forth in paragraph (1) of the preceding Article.

Chapter IV Registration of Wood-Related Business Operators

(Registration of Wood-Related Business Operators)

Article 8 A wood-related business operator that takes measures to ensure the use of legally harvested wood, etc., with regard to the wood, etc., to be handled shall be entitled to obtain registration from a person who has been registered by the competent minister (hereinafter referred to as "Registration Implementation Agency") pursuant to the provisions of Articles 16 through 18 pursuant to the provisions of ordinance of the competent ministry.

(Application for Registration)

Article 9 A person who intends to be registered as a wood-related business operator set forth in the preceding Article must submit a written application stating the following matters to the Registration Implementation Agency.

- (i) Name and address of the applicant, and in the case of a juridical person, the name of the representative person; and
 - (ii) Matters specified by an ordinance of the competent ministry as matters pertaining to the scope of business to which measures are taken to ensure the use of legally harvested wood, etc.
- (2) A document stating matters specified by an ordinance of the competent ministry with regard to the details of measures to be taken to ensure the use of legally harvested wood, etc. must be attached to the written application set forth in the preceding paragraph.

(Implementation of Registration)

Article 10 Upon application for registration under the provisions of the preceding Article, except for the event of refusal of the registration pursuant to the provisions of paragraph (1) of the following Article, a Registration Implementation Agency must register the following matters in the wood-related business operator register:

- (i) Matters listed in each item of paragraph (1) of the preceding Article; and
 - (ii) Date of registration and registration number.
- (2) A Registration Implementation Agency must, when having made a registration under the provisions of the preceding paragraph, notify the applicant thereof and publicly notify the matters specified by the competent ministry without delay.

(Refusal of Registration)

Article 11 A Registration Implementation Agency must refuse registration when an application for registration under the provisions of Article 9 falls under any of the following items:

- (i) When the applicant is found not to properly and reliably take measures for ensuring the use of legally harvested wood, etc., with regard to the wood, etc., to be handled, by taking into consideration the matters that would serve as the standards of judgment for wood-related business operators set forth in Article 6, paragraph (1);
 - (ii) When the applicant has been sentenced to a fine or a severer punishment pursuant to the provisions of this Act, and for whom one year has not yet elapsed after the penalty was executed or suspended;
 - (iii) When the applicant whose registration was rescinded pursuant to the provisions of Article 14, paragraph (1), for whom one year has not yet elapsed since the date of the rescission; or
 - (iv) When the applicant is a juridical person any of whose officers fall under any of the preceding two items.
- (2) Upon refusal of the registration by the provisions of the preceding paragraph, the Registration Implementation Agency must notify the applicant thereof giving the reason without delay.

(Renewal of Registration)

Article 12 The registration as a wood-related business operator set forth in Article 8 shall, unless it is renewed every five years, cease to be effective upon the expiration of said period.

- (2) The provisions of the preceding three Articles shall apply mutatis mutandis to a renewal set forth in the preceding paragraph.

(Use of Name)

Article 13 A person who was registered as a wood-related business operator set forth in Article 8 (hereinafter referred to as "Registered Wood-Related Business Operator") may use the name of Registered Wood-Related Business Operator within the scope of business to which measures are taken to ensure the use of legally harvested wood, etc., concerning said registration pursuant to the provisions of ordinance of the competent ministry.

- (2) A Registered Wood-Related Business Operator shall not use the name of Registered Wood-Related Business Operator or any name confusingly similar thereto, except for the cases specified in the preceding paragraph.
- (3) A person who is not a Registered Wood-Related Business Operator shall not use the name of Registered Wood-Related Business Operator or any name confusingly similar thereto.

(Rescission of Registration)

Article 14 When a Registered Wood-Related Business Operator falls under any of the following items, the Registration Implementation Agency may rescind the registration of said Registered Wood-Related Business Operator:

- (i) When the Registered Wood-Related Business Operator falls under any of the items of Article 11, paragraph (1);
- (ii) When having used the name of Registered Wood-Related Business Operator or any name confusingly similar thereto, in violation of the provision of paragraph (2) of the preceding Article; or
- (iii) When the Registered Wood-Related Business Operator has been registered as a Registered Wood-Related Business Operator set forth in Article 8 or renewal of the registration by wrongful means.

(2) The provision of Article 11, paragraph (2) shall apply mutatis mutandis to the case set forth in the preceding paragraph.

(Deletion of Registration)

Article 15 A Registration Implementation Agency that has deleted a registration or received an application for the deletion of a registration under the provision of paragraph (1) of the preceding Article must delete the registration of said Registered Wood-Related Business Operator and publicly notify thereof.

Chapter V Registration Implementation Agencies

(Registration of Registration Implementation Agencies)

Article 16 The registration from the competent minister set forth in Article 8 (hereinafter referred to as "Registration of Registration Implementation Agency") shall be carried out based on an application made by a person who intends to conduct the affairs concerning the implementation of registration of a wood-related business operator set forth in the same Article (hereinafter referred to as "Registration Implementation Affairs").

(Disqualification Clause)

Article 17 A person who falls under any of the following items shall not be registered by a Registration Implementation Agency.

- (i) A person who has been sentenced to a penalty consisting of a fine or severer punishment for violating the provisions of this Act or an order pursuant to this Act, and for whom two years have not yet elapsed after the penalty was executed or suspended;
- (ii) A person whose registration was rescinded pursuant to the provisions of Article 27, for whom two years have not yet elapsed since the date of the rescission; or
- (iii) A juridical person any of whose executive officials falls under any of the preceding two items.

(Requirements for Registration as a Registration Implementation Agency)

Article 18 The competent minister must register a person who has applied for Registration of Registration Implementation Agency pursuant to the provisions of Article 16 (excluding those who fall under any of each item of the preceding Article; hereinafter referred to as "Applicant for Registration") if that person conforms to all of the following requirements. In this case, the necessary procedures concerning registration shall be specified by an ordinance of the competent ministry.

- (i) A person who conforms to the standards specified by the International Organization for Standardization and the International Electrotechnical Commission for bodies that certify products, procedures, and services, and who is deemed to be capable of properly conducting other Registration Implementation Affairs.
- (ii) The Applicant for Registration controlled by a wood-related business operator falls under none of the following conditions:
 - (a) An Applicant for Registration is a business corporation, a wood-related business operator is its parent corporation (referring to a parent corporation of paragraph [1] of Article 879 of the Companies Act [Act No. 86 of 2005]);
 - (b) The proportion of officers or employees of the wood-related business operator (including those who have been officers or employees of said wood-related business operator within past two years) to officers of the Applicant for Registration is over one-half; or

- (c) An Applicant for Registration (in the case of a juridical person, an officer who has the representation power) is an officer or an employee of a wood-related business operator (including those who have been officers or employees of said wood-related business operator within past two years).
- (2) Registration of a Registration Implementation Agency shall be made, with the following matters stated in the Registration Implementation Agency registry:
- (i) Date of registration and number of registration of the Registration Implementation Agency;
 - (ii) The name and address of the person who was registered as a Registration Implementation Agency (in the case of a juridical person, its name, the name of its representative person, and the location of its principal office); and
 - (iii) The location of the office where a person who was registered as a Registration Implementation Agency conducts Registration Implementation Affairs.

(Renewal of Registration of Registration Implementation Agency)

Article 19 Registration of a Registration Implementation Agency shall cease to be effective as a result of the expiration of the registration period unless it is renewed every five years.

- (2) The provisions of the preceding three Articles shall apply mutatis mutandis to the renewal of the registration of a Registration Implementation Agency.

(Obligation to Obtain Registration)

Article 20 A Registration Implementation Agency must, when requested to conduct Registration Implementation Affairs, do so without delay unless there is just cause.

- (2) A Registration Implementation Agency must conduct Registration Implementation Affairs fairly using the method specified by an ordinance of the competent ministry.

(Notification of the Change of Office)

Article 21 A Registration Implementation Agency must, when intending to change the address of its office where it conducts Registration Implementation Affairs, notify the competent minister of the change two weeks prior to the date on which the change is scheduled to be made.

(Rules for Registration Implementation Affairs)

Article 22 A Registration Implementation Agency must establish the rules concerning Registration Implementation Affairs (hereinafter referred to as "Rules for Registration Implementation Affairs") and notify the competent minister thereof before the commencement of the Registration Implementation Affairs. The same shall apply to the event of any change.

- (2) The Rules for Registration Implementation Affairs must specify the implementation method of the Registration Implementation Affairs, the charge of the Registration Implementation Affairs, and matters specified by an ordinance of the competent ministry.

(Suspension or Abolition of Registration Implementation Affairs)

Article 23 A Registration Implementation Agency must, when intending to suspend or abolish all or part of Registration Implementation Affairs, notify the competent minister thereof in advance pursuant to the provisions of ordinance of the competent ministry.

(Maintenance and Inspection of Financial Statements)

Article 24 A Registration Implementation Agency must, within three months from the end of every fiscal year, prepare an inventory of property, balance sheet, profit and loss statement, or income and expenditure statement, and business report of such fiscal year (including an electromagnetic record

[a record in an electronic format, a magnetic format, or any other format not recognizable to human perception that is used for information processing by a computer; hereinafter the same shall apply in this Article] when said electromagnetic record is prepared instead of those documents; hereinafter referred to as "Financial Statements, etc.") and maintain them in its office for five years.

- (2) A Registration Implementation Agency or any other interested party may make the following requests at any time during the business hours of the Registration Implementation Agency; provided, however, that they must pay the expenses specified by the Registration Implementation Agency when making a request as mentioned in item (ii) or (iv) of this paragraph:
- (i) When Financial Statements, etc. are written documents, a request for inspection of said documents or copy thereof;
 - (ii) A request for transcripts of or extracts from the documents in the preceding item;
 - (iii) When Financial Statements, etc. have been prepared in the form of electromagnetic records, a request for inspection or copy of the matters recorded in said electromagnetic records displayed using a method specified by the ordinance of the competent ministry; and
 - (iv) Request for provision of what is recorded in electromagnetic records of the preceding item by an electromagnetic method as specified by an ordinance of the competent ministry or request for delivery of a document containing said matters.

(Order for Conformity)

Article 25 The competent minister may, when finding that a Registration Implementation Agency ceases to conform to any of the items of Article 18, paragraph (1), order the Registration Implementation Agency to take necessary measures for conformity to such provisions.

(Order for Improvement)

Article 26 The competent minister may, when finding that a Registration Implementation Agency has violated the provisions of Article 20, order the Registration Implementation Agency to conduct Registration Implementation Affairs or take necessary measures to improve the means of registering a Wood-Related Business Operator or other operational procedures.

(Rescission of the Registration of a Registration Implementation Agency)

Article 27 The competent ministry may, when a Registration Implementation Agency falls under any of the following items, rescind its registration or order it to suspend all or part of its Registration Implementation Affairs:

- (i) When falling under (i) or (iii) of Article 17;
- (ii) When having violated Articles 21 through 23, Article 24, paragraph (1), or the following Article;
- (iii) When having refused a request made under the provisions of each item of Article 24, paragraph (2), without any justifiable grounds;
- (iv) When having violated an order under the provisions of the preceding two Articles; or
- (v) When having obtained registration or renewal of a Registration Implementation Agency by wrongful means.

(Bookkeeping)

Article 28 Pursuant to the provision of an ordinance of the competent ministry, a Registration Implementation Agency must prepare and keep books where it shall enter such matters as specified by an ordinance of the competent ministry concerning Registration Implementation Affairs.

(Public Notice)

Article 29 The competent minister must give public notice to that effect in an official gazette in the following cases:

- (i) When having made a registration of a Registration Implementation Agency;
- (ii) When having received a notification under the provisions of Article 21 or 23; and
- (iii) When having rescinded a registration of a Registration Implementation Agency pursuant to the provisions of Article 27 or ordered the suspension of all or part of Registration Implementation Affairs.

(Special Measures of Hearing)

Article 30 The proceedings on the date of the hearing pertaining to the dispositions under the provisions of Article 27 must be made in public.

Chapter VI Miscellaneous Provisions

(Appropriate Cooperation)

Article 31 The State shall, when promoting the distribution and use of legally harvested wood, etc., provide appropriate cooperation with business operators carrying out business activities that contribute to a shift of demand to legally harvested wood, etc., private organizations, and other entities.

(Promotion of International Cooperation)

Article 32 Given the fact that it is important to ensure harvesting of forests in the country of origin in accordance with the laws and regulations of the country in order to promote the distribution and use of legally harvested wood, etc. in Japan that is dependent on imports for a major portion of the wood resources, the State shall take necessary measures to ensure international cooperation for prevention of illegal logging in foreign nations and promote other international cooperation concerning the distribution and use of legally harvested wood, etc.

(Reporting and On-site Inspection)

Article 33 The competent minister may, to the extent necessary for the enforcement of this Act, order a wood-related business operator to report the status of ensuring the use of legally harvested wood, etc., or have the officials enter the business office, factory, workplace, or warehouse of the wood-related business operator and inspect account books, documents, and other articles.

- (2) The competent minister may, to the extent necessary for the enforcement of this Act, order a Registration Implementation Agency to report its business activities, or have the officials enter the business office and inspect the status of its business activities or account books, documents, and other articles.
- (3) An official who conducts an inspection pursuant to the provisions of the preceding two paragraphs must carry his/her identification card and present it to the persons concerned.
- (4) The authority for the on-site inspection under the provisions of paragraphs (1) and (2) shall not be interpreted to be approval for a criminal investigation.

(Competent Minister)

Article 34 The competent ministers in this Act shall be the Minister of Agriculture, Forestry and Fisheries, the Minister of Economy, Trade and Industry, and the Minister of Land, Infrastructure and Transportation; provided, however, that, with regard to the matters concerning the guidance and advice set forth in Article 7 and the collection of reports and on-site inspections set forth in paragraph (1) of the preceding Article, both the Minister of Agriculture, Forestry and Fisheries and

the minister having jurisdiction over the business activities of said wood-related business operator shall be the competent ministers.

- (2) The ordinance of the competent ministries in this Act shall be orders issued by the competent minister.
- (3) The authority of the competent minister set forth in this Act may be delegated in part by a chief of local administrative offices as specified by an ordinance of the competent ministry.

(Delegation to Ordinance of the Ministry)

Article 35 In addition to what is set forth in this Act, necessary matters for the enforcement of this Act shall be specified by an ordinance of the competent ministry.

Chapter VII Penal Provisions

Article 36 A person who has violated an order to suspend Registration Implementation Affairs under the provisions of Article 27 shall be punished by imprisonment with work of not more than one year or a fine of not more than five hundred thousand yen.

Article 37 A person who falls under any of the following items shall be punished by a fine of not more than three hundred thousand yen:

- (i) A person who has violated the provisions of Article 13, paragraph (3);
- (ii) A person who has failed to make the notification under Article 23 or has made false notification;
- (iii) A person who has, in violation of the provisions of Article 28, failed to state in the books the matters set forth in the same Article or made false statements, or failed to maintain the books; or
- (iv) A person who has failed to make a report pursuant to the provision of Article 33, paragraph (2) or who has made a false report or refused, interfered with, or evaded the inspection under the provision of the same paragraph.

Article 38 A person who has failed to make a report pursuant to the provision of Article 33, paragraph (1) or who has made a false report or refused, interfered with, or evaded the inspection under the provision of the same paragraph shall be punished by a fine of not more than two hundred thousand yen.

Article 39 When the representative of a corporation or an agent, employee, or other worker of a corporation or an individual has, with regard to the business of the corporation or individual, committed the violations set forth in the preceding three Articles, not only shall the offender be punished, but also the corporation or individual shall be punished by the fine set forth in the respective Articles.

Article 40 A person who has failed to prepare or maintain Financial Statements etc., or has stated false matters violating the provision of Article 24, paragraph (1), or has rejected requests under each item of paragraph (2) of the same Article without any justifiable grounds, shall be punished by a non-penal fine of not more than two hundred thousand yen.

Supplementary Provisions

(Effective Date)

- (1) This Act shall come into effect one year from the date of promulgation.

(Transitional Measures)

(2) The provision of Article 13, paragraph (3) shall not apply, for six months after this Act comes into effect, to any person actually using the name "Registered Wood-Related Business Operator" or any name confusingly similar thereto at the time when this Act comes into effect.

(Reviews)

(3) Approximately five years after this Act comes into effect, the State shall examine the state of enforcement of this Act and shall take necessary measures based upon those results.