

Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products
(Provisional Translation)

Table of Contents

Chapter I General Provisions (Articles 1 and 2)

Chapter II Basic Policies (Articles 3 to 5)

Chapter III Standards of Judgment for the Wood-related Business Entities (Articles 6 and 7)

Chapter IV Registration of the Wood-related Business Entities (Articles 8 to 15)

Chapter V Registering Organization (Articles 16 to 30)

Chapter VI Miscellaneous Provisions (Articles 31 to 35)

Chapter VII Penal Provisions (Articles 36 to 40)

Supplementary Provisions

Chapter I General Provisions

(Purpose)

Article 1 Given that illegal logging of forests in Japan or foreign countries (hereinafter referred to as “Illegal Logging”) and distribution of wood derived from Illegal Logging may have adverse effects on various functions of forests including prevention of global warming, conservation of natural environments and supply of forest products, and may harm fair transactions in wood markets, the purpose of this Act is to achieve sustainable and sound development of the wood products industry by stipulating basic matters for promoting the use and distribution of Legally-harvested Wood and Wood Products and encouraging the Wood-related Business Entities to take measures to ensure the use of Legally-harvested Wood and Wood Products, and thereby to contribute to the conservation of the regional and global environment.

(Definitions)

Article 2 (1) The term "Wood and Wood Products" as used in this Act means wood (excluding wood collected or disposed of after being used once or unused and wood made of these excluded wood; hereinafter the same applies in this Article) and goods such as furniture and paper manufactured by processing wood or using wood as the major raw material, which are specified by an Ordinance of the competent ministries (excluding those collected or disposed of after being used once or unused).

(2) The term “Legally-harvested Wood and Wood Products” as used in this Act means wood from trees harvested in compliance with the laws and regulations of Japan or the country of harvest (for the laws and regulations of Japan, including Prefectural and Municipal Ordinances; the same applies to

Article 6, paragraph (1), item (i)), and goods such as furniture and paper that are manufactured by processing legally-harvested wood or using legally-harvested wood as the major raw material and specified by an Ordinance of the competent ministries (excluding those collected or disposed of after being used once or unused).

(3) The term “Wood-related Business Entity” as used in this Act means a person engaged in the business of manufacturing, processing, importing, exporting or selling (excluding sale to consumers) the Wood and Wood Products, the business of constructing buildings and other structures using wood or any other business using the Wood and Wood Products which are specified by an Ordinance of the competent ministries.

Chapter II Basic Policies

(Basic Policies)

Article 3 (1) The competent Ministers shall establish basic policies for promoting the use and distribution of Legally-harvested Wood and Wood Products (hereinafter in this Article and Article 6, paragraph (2), simply referred to as the “Basic Policies”) to comprehensively and systematically promote the use and distribution of Legally-harvested Wood and Wood Products.

(2) The Basic Policies shall state the following matters:

(i) The basic direction for promoting the use and distribution of Legally-harvested Wood and Wood Products;

(ii) Matters concerning measures for promoting the use and distribution of Legally-harvested Wood and Wood Products;

(iii) Matters concerning the dissemination of knowledge on the meaning of promoting the use and distribution of Legally-harvested Wood and Wood Products; and

(iv) Other important matters for promoting the use and distribution of Legally-harvested Wood and Wood Products.

(3) The competent ministers must consult in advance with the Minister of the Environment and the heads of other relevant administrative organs when establishing or revising the Basic Policies.

(4) Upon establishment or revision of the Basic Policies, the competent ministers must publicize them without delay.

(Responsibilities of the State)

Article 4 (1) The State must endeavor to secure necessary funds and take other measures to promote the use and distribution of Legally-harvested Wood and Wood Products.

(2) The State shall, in order to contribute to promoting the use and distribution of Legally-harvested Wood and Wood Products, collect and provide for information on production and distribution of the

Wood and Wood Products in and outside of Japan as well as information on the laws and regulations of Japan and foreign countries concerning sustainable use of forests, trade and others for ensuring appropriate distribution of the Wood and Wood Products, and take other necessary measures. Also, the State shall, in order to promote the registration of the Wood-related Business Entities set forth in Article 8, raise awareness of the registration system, publicize successful efforts made by the Registered Wood-related Business Entities set forth in Article 13, paragraph (1), and take other necessary measures.

(3) The State shall take necessary measures to cultivate better understanding among business entities and citizens of the meaning of promoting the use and distribution of Legally-harvested Wood and Wood Products, through educational and publicity activities, etc.

(Responsibilities of Business Entities)

Article 5 Business entities must endeavor to use the Legally-harvested Wood and Wood Products when they use the Wood and Wood Products.

Chapter III Standards of Judgment for the Wood-related Business Entities

(Standards of Judgment for the Wood-related Business Entities)

Article 6 (1) To promote the use and distribution of Legally-harvested Wood and Wood Products, the competent ministers shall, by an Ordinance of the competent ministries, stipulate the following matters, which should serve as standards of judgment for the Wood-related Business Entities concerning measures to be taken by the Wood-related Business Entities to ensure the use of Legally-harvested Wood and Wood Products.

(i) Matters concerning confirmation of that the Wood and Wood Products handled by the Wood-related Business Entities are harvested in compliance with the laws and regulations of Japan and/or the countries of origin;

(ii) Matters concerning additional measures that are necessary to be taken by the Wood-related Business Entities to ensure the use of Legally-harvested Wood and Wood Products when a Wood-related Business Entities cannot confirm legality with the process set forth in the preceding item;

(iii) Matters concerning measures that are necessary to be taken by the Wood-related Business Entities when transferring the Wood and Wood Products; and

(iv) Matters concerning management of records pertaining to the confirmation process referred to in item 1 and the measures in item 2 and other matters specified by an Ordinance of the competent ministries.

(2) The standards of judgment for the Wood-related Business Entities set forth in the preceding paragraph shall be established in line with the Basic Policies, taking into consideration production and

distribution of the Wood and Wood Products in and outside of Japan, enforcement conditions of the laws and regulations on sustainable use of forests, trade and others as well as those relevant to ensuring appropriate distribution of the Wood and Wood Products in Japan and foreign countries, types of businesses operated by the Wood-related Business Entities and other circumstances. Revisions shall be made to the standards to reflect any changes in these circumstances.

(Guidance and Advice)

Article 7 The competent ministers may, when they find it necessary for promoting the use and distribution of Legally-harvested Wood and Wood Products, provide the Wood-related Business Entities with guidance and advice on measures to ensure the use of Legally-harvested Wood and Wood Products, taking into account the standards of judgment for the Wood-related Business Entities set forth in paragraph (1) of the preceding Article.

Chapter IV Registration of the Wood-related Business Entities

(Registration of the Wood-related Business Entities)

Article 8 A Wood-related Business Entity who takes measures to ensure the use of Legally-harvested Wood and Wood Products when they handle the Wood and Wood Products may, as stipulated by an Ordinance of the competent ministries, obtain registration from a registering organization which is designated as such by the competent ministers pursuant to the provisions of Articles 16 to 18 (hereinafter referred to as a “Registering Organization”).

(Application for Registration)

Article 9 (1) A person who intends to register as a Wood-related Business Entity as set forth in the preceding Article must submit a written application stating the following matters to a Registering Organization:

(i) The applicant's personal name or entity name and address, and, in the case of a juridical person, the name of its representative; and

(ii) The matters to be specified by an Ordinance of the competent ministries pertaining to the scope of business in which the person takes measures to ensure the use of Legally-harvested Wood and Wood Products.

(2) The application set forth in the preceding paragraph must be attached with documents stating the matters to be specified by an Ordinance of the competent ministries pertaining to the description of the measures which the person intends to take for ensuring the use of Legally-harvested Wood and Wood Products.

(Registration Process)

Article 10 (1) Upon receiving an application for registration pursuant to the provision of the preceding Article, except in the event of refusing the registration pursuant to the provision of paragraph (1) of the following Article, the Registering Organization must enter the following matters in the register of the Wood-related Business Entities:

- (i) The matters listed in the items of paragraph (1) of the preceding Article; and
- (ii) The date of registration and registration number.

(2) Upon registration pursuant to the provision of the preceding paragraph, the Registering Organization must notify the applicant thereof and publicly notify the matters to be specified by an Ordinance of the competent ministries without delay.

(Refusal of Registration)

Article 11 (1) The Registering Organization must refuse the registration if the application for registration pursuant to the provisions of Article 9 falls under any of the following items:

- (i) The applicant is not found to be a person who takes appropriate and reliable measures, following the standards of judgment for the Wood-related Business Entities set forth in Article 6, paragraph (1), to ensure the use of Legally-harvested Wood and Wood Products for the Wood and Wood Products that he/she handles;
- (ii) The applicant is a person who has been sentenced to a fine or severer punishment pursuant to the provisions of this Act, and for whom one year has not passed since the date when execution of the sentence was completed or when he/she ceased to be amenable to the execution of the sentence;
- (iii) The applicant is a person whose registration has been rescinded pursuant to the provision of Article 14, paragraph (1) and one year has not passed since the date of rescission; or
- (iv) When the applicant is a juridical person, any of whose executive officers falls under any of the preceding two items.

(2) Upon refusal of the registration pursuant to the provisions of the preceding paragraph, the Registering Organization must notify the applicant of the refusal giving the reason thereof without delay.

(Renewal of Registration)

Article 12 (1) Unless a registration of a Wood-related Business Entity set forth in Article 8 is renewed every five years, it shall expire upon passage of the five-year period.(2) The provisions of the preceding three Articles shall apply mutatis mutandis to the renewal set forth in the preceding paragraph.

(Use of Title)

Article 13 (1) A person who has obtained registration as a Wood-related Business Entity set forth in Article 8 (hereinafter referred to as “Registered Wood-related Business Entity”) may use the title of Registered Wood-related Business Entity within the scope of his/her business pertaining to the registration where he/she takes measures to ensure the use of Legally-harvested Wood and Wood Products, as specified by an Ordinance of the competent ministries.

(2) The Registered Wood-related Business Entities must not use the title of Registered Wood-related Business Entity or any other confusing title therewith, except the case set forth in the preceding paragraph.

(3) A person other than a Registered Wood-related Business Entity must not use the title of Registered Wood-related Business Entity or any other confusing title therewith.

(Rescission of Registration)

Article 14 (1) If a Registered Wood-related Business Entity falls under any of the following items, the Registering Organization may rescind the registration of the said Registered Wood-related Business Entity:

(i) The Registered Wood-related Business Entity comes to fall under any of the items of paragraph (1) of Article 11;

(ii) The Registered Wood-related Business Entity uses the title of Registered Wood-related Business Entity or any other confusing title therewith in violation of the provision of paragraph (2) of the preceding Article; or

(iii) The Registered Wood-related Business Entity has obtained or renewed registration as a Wood-related Business Entity set forth in Article 8 by fraudulent means.

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

(Deletion of Registration)

Article 15 When a Registering Organization has rescinded a registration pursuant to the provision of paragraph (1) of the preceding Article or accepted an application for deletion, the Registering Organization must delete the registration of the Registered Wood-related Business Entity and publicly notify the fact thereof.

Chapter V Registering Organization

(Designation of a Registering Organization)

Article 16 The designation by the competent ministers set forth in Article 8 (hereinafter referred to as a "Designation of a Registering Organization") shall be made upon application from a person who

intends to operate registration of the Wood-related Business Entities stipulated in the same Article (hereinafter, "Registering Operations").

(Disqualification Clause)

Article 17 A person who falls under any of the following items may not obtain designation as a Registering Organization:

- (i) A person who was sentenced to a fine or severer punishment for a violation of this Act or any order issued under this Act and for whom two years have not passed since the date when the execution of the sentence was completed or the date when he/she ceased to be amenable to the execution of the sentence;
- (ii) A person whose designation as a Registering Organization was rescinded pursuant to the provisions of Article 27 and for whom two years have not passed since the date of such rescission; or
- (iii) In cases of juridical persons, any of whose executive officers in charge of its operations falls under any of the preceding two items.

(Requirements for Designation as a Registering Organization)

Article 18 (1) If a person who applies for Designation as a Registering Organization pursuant to the provision of Article 16 (excluding a person falling under any of the items of the preceding Article; hereinafter referred to as "Applicant for Designation" in this paragraph) conforms to all of the following requirements, the competent ministers must register him/her as a Registering Organization. In this case, the necessary procedure for designation is to be specified by an Ordinance of the competent ministries:

- (i) The Applicant for Designation is a person who conforms to the standards established by the International Organization for Standardization and the International Electrotechnical Commission concerning organizations that certify products, procedures and services, or any other person who is recognized to be capable of appropriately conducting the Registering Operations; and
- (ii) The Applicant for Registration is not an organization controlled by the Wood-related Business Entities as he/she does not fall under any of the followings:
 - (a) In the case that the Applicant for Designation is a stock company, a Wood-related Business Entity is its Parent Juridical Person (meaning a Parent Juridical Person as prescribed in Article 879, paragraph (1) of the Companies Act (Act No. 86 of 2005));
 - (b) More than a half of the executive officers of the Applicant for Designation are executive officers or employees of the Wood-related Business Entities (including those who were executive officers or employees of the Wood-related Business Entities within the past two years); or
 - (c) The Applicant for Registration (or, in the case of a juridical person, its executive officer with the right of representation) is an executive officer or employee (including a person who was an executive

officer or employee within past two years) of a Wood-related Business Entity.

(2) Designation as a Registering Organization shall be made by entering the following matters in the register of Registering Organizations:

- (i) The date of Designation as a Registering Organization and the designation number;
- (ii) The name and address of the person who has obtained Designation as a Registering Organization (or, in the case of a juridical person, its entity name, the name of its representative and the location of its principal office); and
- (iii) The location of the office where the person who has obtained Designation as a Registering Organization conducts their Registering Operations.

(Renewal of Designation as a Registering Organization)

Article 19 (1) Unless a designation of a Registering Organization is renewed every five years, it shall expire upon passage of the five-year period.

(2) The provisions of the preceding three Articles shall apply mutatis mutandis to the renewal of Designation of a Registering Organization.

(Obligation to Conduct Registration)

Article 20 (1) When a Registering Organization is requested to conduct Registering Operations, it must conduct the Registering Operations without delay, except in the case where there are legitimate grounds not to do so.

(2) The Registering Organization must conduct the Registering Operations fairly and in a way that conforms to the criteria specified by an Ordinance of the competent ministries.

(Notification of a Change of Office)

Article 21 When a Registering Organization intends to change the location of its office where it conducts Registering Operations, it must notify the competent ministers thereof no later than two weeks prior to the expected date of the change.

(Rules of Registering Operations)

Article 22 (1) A Registering Organization must establish rules for Registering Operations (referred to as the “Rules of Registering Operations” in the following paragraph) and notify the competent ministers thereof prior to the commencement of its Registering Operations. The same shall apply when such rules are to be revised.

(2) The Rules of Registering Operations must prescribe processes to conduct Registering Operations, fees for Registering Operations and other matters specified by an Ordinance of the competent ministries.

(Suspension or Discontinuation of Registering Operations)

Article 23 When a Registering Organization intends to suspend or discontinue its Registering Operations in whole or part, it must notify the competent ministers thereof in advance as specified by an Ordinance of the competent ministries.

(Keeping and Inspecting Financial Statements and Others)

Article 24 (1) Within three months after the end of every business year, a Registering Organization must prepare an inventory of assets, a balance sheet, a profit and loss statement or income and expenditure statement, and a business report (in the case where electromagnetic records (meaning records held in an electronic, magnetic or any other form not recognizable by human perception, which is used in information processing by computers; hereinafter the same shall apply in this Article) are prepared instead of these paper documents, such electromagnetic records shall be included; hereinafter referred to as "Financial Statements and Others") for the business year and keep them in its office for five years.

(2) The Wood-related Business Entities and other interested persons may make the following requests at any time during the business hours of a Registering Organization; provided, however, that for making requests for items (ii) or (iv), the requester pay the fees set by the Registering Organization:

(i) When Financial Statements and Others are prepared in the form of paper a request to inspect or copy such documents;

(ii) A request for a certified copy or extract of the documents mentioned in the preceding item;

(iii) When the Financial Statements and Others are prepared as electromagnetic records, a request to inspect or copy the contents displayed by a method specified by an Ordinance of the competent ministries; and

(iv) A request to provide the electromagnetically recorded contents mentioned in the preceding item in an electromagnetic form specified by an Ordinance of the competent ministries, or a request to provide the said contents in paper form.

(Order for Conformity)

Article 25 When the competent ministers recognize that a Registering Organization no longer conforms to any of the items of paragraph (1) of Article 18, the competence ministers may order the Registering Organization to take necessary measures to conform to the provision of the said item.

(Order for Improvement)

Article 26 When the competent ministers recognize that a Registering Organization has violated the provision of Article 20, the competent ministers may order the Registering Organization to conduct

Registering Operations or to take necessary measures to improve the process of registering a Wood-related Business Entity and any other operational process.

(Rescission of Designation as a Registering Organization)

Article 27 When a Registering Organization falls under any of the following items, the competent ministers may rescind its Designation as a Registering Organization or order suspension of its Registering Operations in whole or part for a fixed period determined by the ministers:

- (i) When a Registering Organization comes to fall under items (i) or (iii) of Article 17;
- (ii) When a Registering Organization has violated the provisions from Article 21 to Article 23, paragraph (1) of Article 24 or the following Article;
- (iii) When a Registering Organization has rejected a request made pursuant to the provision of any item of paragraph (2) of Article 24 without legitimate grounds;
- (iv) When a Registering Organization has violated an order pursuant to the provisions of the preceding two Articles; or
- (v) When a Registering Organization has obtained or renewed its Designation as a Registering Organization by fraudulent means.

(Entries in Books)

Article 28 Registering Organizations must, as specified by an Ordinance of the competent ministries, prepare books, enter matters specified by an Ordinance of the competent ministries concerning its Registering Operations in the books and maintain the books.

(Public Notice)

Article 29 The competent ministers must, in the following cases, make public notices thereof in the Official Gazette:

- (i) Upon Designation of a Registering Organization;
- (ii) Upon receiving a notification pursuant to the provisions of Articles 21 or 23; and
- (iii) Upon rescinding the Designation of a Registering Organization or ordering suspension of its Registering Operations in whole or part pursuant to the provisions of Article 27.

(Special Provision for Hearing)

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

Chapter VI Miscellaneous Provisions

(Appropriate Coordination)

Article 31 The State shall, in promoting the use and distribution of Legally-harvested Wood and Wood Products, appropriately coordinate with business entities, private groups and others whose activities contribute to a shift in demand toward the Legally-harvested Wood and Wood Products.

(Promotion of International Cooperation)

Article 32 In order to promote the use and distribution of Legally-harvested Wood and Wood Products in Japan, which relies significantly on imports for wood resources, it is important to ensure logging in forests complies with the laws and regulations of the country of origin. In light of this, the State shall take necessary measures to promote international cooperation for the use and distribution of Legally-harvested Wood and Wood Products such as ensuring international coordination to deter Illegal Logging in foreign countries and others.

(Reports and On-site Inspections)

Article 33 (1) Within the limit necessary for the enforcement of this Act, the competent ministers may have a Wood-related Business Entity report on how it is ensuring the use of Legally-harvested Wood and Wood Products or have their ministerial officials enter the offices, plants, workplaces or warehouses of the Wood-related Business Entity to inspect its books, documents and other properties.

(2) Within the limit necessary for the enforcement of this Act, the competent ministers may have a Registering Organization report on its operation or have their ministerial officials to enter the offices of a Registering Organization to inspect its operations or books, documents and other properties.

(3) A ministerial official who conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry an identification card and present it to relevant persons.

(4) The authority to conduct on-site inspections pursuant to the provisions of paragraphs (1) and (2) must not be construed as permission for criminal investigations.

(Competent Ministers, etc.)

Article 34 (1) 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, Transport and Tourism; provided, however, that with regard to matters concerning guidance and advice prescribed in Article 7 and collection of reports and on-site inspections pursuant to paragraph (1) of the preceding Article, the competent ministers shall be the Minister of Agriculture, Forestry and Fisheries, and the minister who has jurisdiction over the business of the Wood-related Business Entity concerned.

(2) An Ordinance of the competent ministries in this Act shall be an Ordinance issued by the competent ministers.

(3) The authority of the competent ministers prescribed in this Act may, as specified by an Ordinance of the competent ministries, be delegated in part to a head of a local branch bureau or department.

(Delegation to Ministerial Ordinances)

Article 35 In addition to matters prescribed in this Act, matters necessary for the enforcement of this Act shall be set forth by Ordinances of the competent ministries.

Chapter VII Penal Provisions

Article 36 Any person who has violated an order for suspension of Registering Operations pursuant to the provisions of Article 27 shall be punished by imprisonment with work for not more than one year or a fine of not more than 500,000 yen.

Article 37 Any person who falls under any of the following items shall be punished by a fine of not more than 300,000 yen:

- (i) A person who has violated the provision of Article 13, paragraph (3);
- (ii) A person who has failed to notify or made a false notification pursuant to the provision of Article 23;
- (iii) A person who, in violation of the provision of Article 28, has failed to enter the items specified by the Article in his/her books, made a false entry or not maintained the books; or
- (iv) A person who has failed to report or made a false report pursuant to the provision of Article 33, paragraph (2), or refused, interfered with or evaded an inspection pursuant to the same paragraph.

Article 38 Any person who has failed to report or made a false report pursuant to the provision of Article 33, paragraph (1), or refused, interfered with or evaded an inspection pursuant to the same paragraph shall be punished by a fine of not more than 200,000 yen.

Article 39 If the representative of a juridical person or the agent, employee, or any other worker of a juridical person or an individual commits a violation set forth in the preceding three Articles in connection with the business of the said juridical person or individual, in addition to that the offender shall be punished, the juridical person or individual shall be sentenced to the fine set forth in the respective Articles.

Article 40 Any person who has failed to keep, failed to enter the required items in or made a false entry in its Financial Statements and Others in violation of the provision of Article 24, paragraph (1), or who has rejected a request made pursuant to the provision of any item of paragraph (2) of the same

Article without legitimate grounds shall be punished by a civil fine of not more than 200,000 yen.

Supplementary Provisions

(Effective Date)

1 This Act shall come into effect as of the day on which one year has passed since the day of promulgation.

(Transitional Measures)

2 The provision of Article 13, paragraph (3) shall not apply, for a period of six months after this Act comes into effect, to a person that uses the title of Registered Wood-related Business Entities or any other confusing title at the time when this Act comes into effect.

(Reviews)

3 Approximately five years after this Act comes into effect, the Government shall review the status of enforcement of this Act and take necessary measures based on the review results.

(Partial Revision of the Registration and License Tax Act)

4 The Registration and License Tax Act (Act No. 35 of 1967) is partially revised as follows:

The following is added next to Appended Table 1, No. 91.

91-2 Registration of the Wood-related Business Entities or Designation of the Registering Organizations pertaining to the Wood-related Business Entities		
(1) Registration of the Wood-related Business Entities set forth in Article 8 (Registration of the Wood-related Business Entities) under the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (Act No.48 of 2016) (excluding registrations of renewals)	Number of registrations	15,000 yen per case
(2) Designation pertaining to Registering Organizations set forth in Article 8 of the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (excluding registrations of renewals)	Number of registrations	90,000 yen per case