



April 8, 2013

Japan's Ocean Advanced Filing Rules (AFR): What You Need to Know

We've all heard about, and experienced, the rising tide of global security filing regulations. Japan has recently enacted Advanced Filing Rules (AFR) for marine cargo, also called 'JP24' by the trade, which add another pushpin on the global regulatory map. Enactment of Japan's Advance Filing Rules brings the Japanese requirements in line with the World Customs Organization's recommendations under the Framework of Standards to Secure and Facilitate Global Trade (SAFE).

What does this mean for the community involved in managing shipments to Japan? Here's what you need to know to get prepared now.

Regulation Basics

Beginning March 2014, vessel operators and NVOCCs will be required to electronically submit to Japan Customs information on maritime container cargo to be loaded on a vessel intended to entry into a port in Japan. Paper filings will no longer be accepted. In principle, these filings should be submitted no later than 24 hours before departure of the vessel from a port of loading. However, unlike other global advanced manifest regulations, the exact timing for AFR filings to Japan Customs will depend on where the cargo originated and to what Japanese port the freight is destined to arrive. For more information and for a comprehensive matrix of anticipated cut-off times and origin-country submission details can be accessed from the Japan Custom's website at <http://www.customs.go.jp/english/summary/advance/annex02.pdf>

While the vessel operator or NVOCC are the parties responsible for the AFR filing, in order to ensure compliance they must obtain the necessary data elements from the shippers. As such, shippers will likely receive requests for information on data elements from their vessel operators and/or NVOCC. Shippers will need to ensure that the appropriate data can be provided in an accurate and timely manner to their logistics

service provider.

Industries and Trade Lanes Most Affected

Japan is the world's third largest importer after the United States and China. The Statistics Bureau of Japan reported that in 2011 Japan's top imports include petroleum, raw materials, foodstuffs, clothing and other manufactured goods. Primary importers to Japan were:

Filing Exemptions

All maritime container cargo to be loaded on a foreign trading vessel intended for entry into a port in Japan will be required to be filed. The only current exemptions include empty containers and maritime container cargo not to be discharged in Japan.

Ocean AFR Data Elements

Japan's Ocean AFR data elements are based on the WCO SAFE Framework and pull elements from both the ocean master and house bill of lading. There are requirements for detailed cargo descriptions, based on Harmonized System (HS) Code at the 6-digit level.

In addition to requiring more data elements, the quality of the information transmitted will also be of key importance. For example, in the 'Description of Goods' field, it will no longer be acceptable to simply state that a shipment contains "apparel". Instead, the field must be populated with a more detailed description, such as "Women's knitted shirts, 100% cotton." Additionally, some fields may require further party and sourcing information. Under the current rules, for example, including only a consignee's name is acceptable. Under the new AFR rules, a consignee's full address, telephone number and country code will be required. Japan Customs has stated that incomplete filings will not be accepted.

Penalties for Non-compliance

Japan Customs has noted that "penal provisions could be applied" and that cargo may not be unloaded "without the permission of discharge by Customs." In addition, the

agency has stated that those who do not submit cargo information may be “liable to imprisonment with labor for up to a maximum period of one year or a fine not exceeding five hundred thousand yen.”

How to File

Submissions from foreign ocean AFR filers cannot be made directly to Japan Customs. All foreign filings need to be made through service providers authorized by Nippon Automated Cargo and Port Consolidated System, Inc. (NACCS Center). This is because the filing system must be located in Japan. The NACCS Center is responsible for import/export processes and customs-clearance services in Japan. It serves as an intermediary or ‘hub’ between the trade and Japan Customs. Authorized service providers for Japan Ocean AFR compliance should provide a variety of flexible options to meet the needs of filers that range the gambit in terms of size and level of technical sophistication. Market leading providers will offer user-friendly solutions that can be readily accessed via the web and enterprise-class solutions that are pre-integrated into the shipment management and/or global regulatory compliance platforms their customers are already using – making the process as seamless as possible. Authorized service providers can also help filers obtain a Reporter ID, a designation similar to a Standard Carrier Alpha Code (SCAC) in the United States. A Reporter ID will be required to file a Japan Ocean AFR submission.

Implementation Timeline

The rollout of Japan’s AFR is structured in a tiered approach. The implementation will cover several areas including operational considerations, technical planning and development as well as a communications initiative. All three areas have already begun and will continue toward the ultimate goal of a March 2014 rollout. The below chart summarizes the current planned implementation schedule. Key service providers are already currently developing plans for our customers to begin testing.

Helpful Educational Links

Japan Customs Link <http://www.customs.go.jp/english/summary/advance/index.htm>

NACCS link <http://www.naccscenter.com/afr/>