

Consigned Freight Forwarding Business Act

(Act No. 82 of December 19, 1989)

Chapter I General Provisions (Article 1 and Article 2)

Chapter II First-Class Consigned Freight Forwarding Business (Articles 3 through 19)

Chapter III Second-Class Consigned Freight Forwarding Business (Articles 20 through 34)

Chapter IV Consigned Freight Forwarding Business pertaining to International Freight Forwarding by Foreign Nationals, etc. (Articles 35 through 50-2)

Chapter V Miscellaneous Provisions (Articles 51 through 59)

Chapter VI Penal Provisions (Articles 60 through Article 68)

Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to aim at the sound development of consigned freight forwarding business through ensuring the appropriate and reasonable management of the consigned freight forwarding business and to ensure the smooth provision of freight forwarding business that meets the needs of sophisticated and diversified demand of users in the field of freight distribution, thereby contributing to the protection of the users' interest and their convenience.

(Definition)

- Article 2 (1) The term "actual forwarding business" as used in this Act means the freight forwarding conducted by the shipping business operator, airline business operator, railway business operator or motor truck transportation business operator (hereinafter referred to as "actual forwarding business operator"), and the term "consigned forwarding" as used in this Act means freight forwarding using transportation means provided by another forwarding business (limited to those pertaining to actual forwarding business).
- (2) The term "shipping business operator" as used in this Act means the person that manages the shipping operation business under Article 2, paragraph (2) of the Marine Transportation Act (Act No. 187 of 1949) (including the shipping operation business to which the same Act applies mutatis mutandis pursuant to provisions of Article 44 of the same Act).
- (3) The term "airline business operator" as used in this Act means the person

that manages the air carrier business prescribed in Article 2, paragraph (16) of the Civil Aeronautics Act (Act No. 231 of 1952).

- (4) The term "railway business operator" as used in this Act means the person that manages the first-class railway business prescribed in Article 2, paragraph (2) of the Railway Business Act (Act No. 92 of 1986) or that manages the second-class railway business prescribed in paragraph (3) in the same Article or tramway business operator prescribed in Article 4 of the Act on Rail Tracks (Act No. 76 of 1921).
- (5) The term "motor truck transportation business operator" as used in this Act means the person that manages the general trucking business prescribed in Article 2, paragraph (2) of the Motor Truck Transportation Business Act (Act No. 83 of 1989) or specified trucking business prescribed in paragraph (3) of the same Article.
- (6) The term "consigned freight forwarding business" as used in this Act means the first-class consigned freight forwarding business and the second-class consigned freight forwarding business.
- (7) The term "first-class consigned freight forwarding business" as used in this Act means the business of consigned forwarding by demand of other persons for value, excluding the second-class consigned freight forwarding business.
- (8) The term "second class consigned freight forwarding business" as used in this Act means the consistent business of consigned forwarding by demand of other persons for value for the consigned forwarding by shipping business operators, airline business operators or railway business operators and forwarding (including consigned forwarding related to the transportation by motor truck transportation business operators; hereinafter referred to as "collection and delivery of the freight") for collection and delivery of the freight preceding and succeeding to the consigned forwarding related to the consigned forwarding by automobiles (automobiles prescribed in Article 2, paragraph (2) of the Road Transportation Vehicle Act (Act No. 85 of 1951) (excluding transportation by light-duty trucks with three or more wheels and by motorcycles); the same applies hereinafter).

Chapter II First-Class Consigned Freight Forwarding Business

(Registration)

Article 3 (1) The person who seeks to manage the first-class consigned freight forwarding business must obtain a registration from the Minister of Land, Infrastructure, Transport and Tourism.

- (2) When the person who has obtained the permission for the second-class consigned freight forwarding business prescribed in Article 20 are to manage the first-class consigned freight forwarding business pertaining to the

forwarding business conducted by other operators in the business, within the scope of the section of the consigned forwarding pertaining to the business plan prescribed in Article 21, paragraph (1), item (ii), the person is not required to obtain the registration under the preceding paragraph for the first-class consigned freight forwarding business.

(Application for Registration)

Article 4 (1) The person who seeks to obtain the registration under paragraph (1) of the preceding Article must submit an application form that states the following matters to the Minister of Land, Infrastructure, Transport and Tourism:

- (i) name and address, and in the case of a corporation, the name of its representative;
- (ii) name and location of the principal office and other business offices;
- (iii) trade name used in the business management, if any; and
- (iv) type of facilities for transportation for the consigned forwarding, area or section and scope of the business of the consigned forwarding.

(2) The application form in the preceding paragraph must be attached with the document that states the business plan and other matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Implementation of Registration)

Article 5 (1) When application for registration has been made pursuant to the provisions of the preceding Article, the Minister of Land, Infrastructure, Transport and Tourism must register the following matters in the first-class consigned freight forwarding business operator register (hereinafter referred to as "first class register") except when registration is refused pursuant to the provisions of paragraph (1) of the following Article.

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

(2) Upon implementing registration in accordance with the provisions set forth in the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must notify the applicant to that effect without delay.

(3) The Minister of Land, Infrastructure, Transport and Tourism make the first class register available for public inspection.

(Refusal of Registration)

Article 6 (1) If the applicant for the registration pursuant to the provisions of Article 4 falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism must refuse the registration:

- (i) a person who has been sentenced to imprisonment with work or without

- work for one year or more, and for whom two years have not elapsed since completion of the sentence or the date on which the person ceased to be subject to the sentence;
- (ii) a person whose registration for the first-class consigned freight forwarding business or the permission for the second-class consigned freight forwarding business have been rescinded and for whom two years have not elapsed since the rescission date;
 - (iii) a person who has committed a wrongful act pertaining to the consigned freight forwarding business within the two-year period prior to the application;
 - (iv) a corporation which has an officer (including a person who has an equivalent or greater authority or controlling power, regardless of the title; the same applies hereinafter) that falls under any of the preceding three items;
 - (v) a person who seeks to manage the first-class consigned freight forwarding business pertaining to forwarding of the freight which a shipping business operator or airline business operator transports between Japan and foreign countries (hereinafter referred to as "international freight forwarding") or forwarding of the freight that departs and arrives between the areas in Japan conducted by an airline business operator (hereinafter referred to as "domestic freight forwarding") and falls under any of the following sub-items:
 - (a) a person who does not have Japanese nationality;
 - (b) foreign countries or foreign public bodies or equivalent associations;
 - (c) a corporation or other associations established under foreign laws and regulations;
 - (d) a corporation whose representative is a person is set forth in the preceding sub-items (a) through (c) or where those persons account for one-third of the officers or one-third of those with a voting right;
 - (vi) a person who does not have the facility for which the Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes to be required for the business; or
 - (vii) a person who does not have the financial basis that meets the standard prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as required for execution of the business.
- (2) Upon refusal of the registration pursuant to the provisions of the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must notify the applicant to that effect by giving the reason without delay.

(Registration of Changes)

Article 7 (1) A person who has obtained the registration prescribed in Article 3, paragraph (1) (hereinafter referred to as "first-class consigned freight

forwarding business operator") must obtain a registration of changes conducted by the Minister of Land, Infrastructure, Transport and Tourism when changing the matters listed in Article 4, paragraph (1), item (iv); provided, however, that this does not apply to the minor changes provided by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) The provisions in the preceding three Articles apply mutatis mutandis to the registration of changes in the preceding paragraph. In this case, the term "following matters" in Article 4, paragraph (1) and Article 5, paragraph (1) is deemed to be replaced with the "matters pertaining to changes."
- (3) Upon changing the matters listed in Article 4 paragraph (1), items (i) through (iii), or making minor changes under the proviso of paragraph (1), the first-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days after the change was made.
- (4) Upon receipt of the notification pursuant to the provisions of the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must register the matters notified in the first class register without delay.

(General Conditions of the Consigned Forwarding Contract)

- Article 8 (1) The first-class consigned freight forwarding business operator must establish the general conditions of the consigned forwarding contract and obtain an approval from the Minister of Land, Infrastructure, Transport and Tourism. The same applies when changing the contract.
- (2) Upon granting the approval set forth in the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must grant the approval in accordance with the following criteria:
 - (i) there is no risk of damaging the legitimate interests of the freight owner;
and
 - (ii) at least matters pertaining to the collection and delivery of the freight, the collection and acceptance of fares and fees, and the responsibilities of the first-class consigned freight forwarding business operator are clearly prescribed.
 - (3) When the Minister of Land, Infrastructure, Transport and Tourism establishes and publicly notifies the general conditions of the standard consigned forwarding contract (including the cases where the Minister makes a public notice after changing the conditions), if the first-class consigned freight forwarding business operator has provided the general conditions of the consigned forwarding contract which are the same as those of the standard consigned freight forwarding contract or changed the already established general conditions of the consigned freight forwarding contract to those of the standard consigned freight forwarding contract, that consigned freight

forwarding contract is deemed to have been granted the approval pursuant to the provisions of paragraph (1).

(Display of Business Types)

Article 9 The first-class consigned freight forwarding business operator must display the fact that the operator is the first-class consigned freight forwarding business operator, the type of facilities for transportation in the consigned forwarding, fares and fees (limited to those having an individual as the subject (excluding the cases where the business operator is the party of the forwarding contract as a business or for its business; hereinafter referred to as "consumer")), general conditions of the consigned freight forwarding contract and other matters provided by Order of the Ministry of Land, Infrastructure, Transport and Tourism at places easily visible for the public in its principal office and other business offices.

(Prohibition of Discriminatory Treatment)

Article 10 The first-class consigned freight forwarding business operator must not unjustly treat certain freight owners in a discriminatory manner.

(Agreement on Transportation)

Article 11 The first-class consigned freight forwarding business operator who seeks to enter into an agreement with another forwarding business operator for sharing facilities or joint management, or other agreements on transportation pertaining to the matters provided by Order of the Ministry of Land, Infrastructure, Transport and Tourism must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect. The same applies in changing the agreement.

(Order to Improve Business)

Article 12 When the Minister of Land, Infrastructure, Transport and Tourism finds it necessary for ensuring appropriate and reasonable management of the first-class consigned freight forwarding business, the Minister may order the following matters to the first-class consigned freight forwarding business operator:

- (i) to change the general conditions of the consigned freight forwarding contract;
- (ii) to conclude an insurance contract that ensures the money necessary to compensate for the damage that occurs in the freight transportation;
- (iii) when it is found that the fares or fees are in fact hindering the convenience of the users and other public interests, to change the fares or fees;
- (iv) beyond what is set forth in the preceding three items, when there is a fact

that the freight owner's convenience is hindered or it is found that appropriate business operations are considerably hindered, to take necessary measures to improve business management.

(Prohibition of Use of the Name)

Article 13 (1) The first-class consigned freight forwarding business operator must not allow other persons to use their name for the first-class consigned freight forwarding business.

(2) The first-class consigned freight forwarding business operator must not allow other persons to manage the first-class consigned freight forwarding business under their name by leasing the business or by any other methods.

(Succession)

Article 14 (1) When there has been a transfer of the first class consigned freight forwarding business or merger, split or inheritance of the first-class consigned freight forwarding business, the transferee of the business, heir (if there are two or more heirs, the one which has been decided to be the heir of the first-class consigned freight forwarding business operator upon consultation; the same applies hereinafter in this paragraph) or the corporation that survives after the merger (excluding a corporation that survives after the merger between a first class consigned freight forwarding business operator and a corporation that does not manage the first class consigned freight forwarding business; the same applies hereinafter in this paragraph) or the corporation established by merger or the corporation that has succeeded to the business by split succeeds to the status of the first-class consigned freight forwarding business operator; provided, however, that this does not apply when the transferee of the business or heir, the corporation that survives after the merger, or the corporation that has been established by the merger or the corporation that has succeeded to the business after the split falls under any of the items of Article 6, paragraph (1).

(2) A person who has succeeded to the status of the first-class consigned freight forwarding business operator pursuant to the provisions of the preceding paragraph must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days from the date of succession.

(3) The provisions of Article 7, paragraph (4) apply mutatis mutandis to the notification set forth in the provisions of the preceding paragraph.

(Discontinuance of Business)

Article 15 Upon discontinuance of the business, the first-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days from the date of

discontinuance.

(Suspension of Business and Rescission of Registration)

Article 16 If a first class consigned freight forwarding business operator falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may order suspension of the whole or part of the business for a period not longer than three months, or rescind the registration:

- (i) violation of this Act or orders based on this Act, or dispositions or registrations based on them, or conditions attached to the approvals;
- (ii) when registration under Article 3, paragraph (1) or registration of changes under Article 7, paragraph (1) has been obtained by wrongful means; or
- (iii) when the business operator comes to fall under any of the items of Article 6, paragraph (1).

(Cancellation of Register)

Article 17 In receiving the notification pursuant to the provisions of Article 15 or rescinding the registration pursuant to the provisions of the preceding Article, the Minister of Land, Infrastructure, Transport and Tourism must cancel the registration of the first-class consigned freight forwarding business.

(Associated Businesses)

Article 18 (1) The first-class consigned freight forwarding business operator may conduct businesses associated with the first-class consigned freight forwarding business of packaging, storage or assortment of the freight (hereinafter referred to as "packaging of the freight, etc."), collection and advance of the charges and other businesses normally associated with the first-class consigned freight forwarding business.

(2) Upon conducting the packaging of the freight, etc. associated with the first-class consigned freight forwarding business, the first-class consigned freight forwarding business operator must take measures to prevent collapsing of the freight and to provide appropriate instruction to the employees engaged in handling of the freight and other necessary measures for ensuring the safety of transportation prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(3) The provisions of Article 9 and Article 12 apply mutatis mutandis to the businesses that are normally associated with the first-class consigned freight forwarding business.

(Exclusion from Application)

Article 19 The provisions of this Act do not apply to the consigned motor truck transportation under Article 2, paragraph (7) of the Motor Truck

Transportation Business Act.

Chapter III Second-Class Consigned Freight Forwarding Business

(Permission)

Article 20 A person who seeks to manage the second-class consigned freight forwarding business must obtain a permission from the Minister of Land, Infrastructure, Transport and Tourism.

(Application for the Permission)

Article 21 (1) A person who seeks to obtain the permission under the preceding Article must submit an application form that states the following matters to the Minister of Land, Infrastructure, Transport and Tourism:

- (i) name and address, and in the case of a corporation, the name of its representative; and
 - (ii) business plan related to the matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, such as the type of facilities for transportation pertaining to the consigned forwarding, area or section of the consigned forwarding, names and locations of the offices, and the scope of the business; and
 - (iii) business plan related to the matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, such as the base of collection and delivery of the freight and system of collection and delivery of the freight.
- (2) The application form under the preceding paragraph must be attached with the document that states the matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, such as the facilities for the business.

(Grounds for Disqualification)

Article 22 A person who falls under any of the following items may not be granted the permission under Article 20:

- (i) a person who falls under any of the items (i) through (iv) of Article 6, paragraph (1);
- (ii) a person who seeks to manage the second-class consigned freight forwarding business pertaining to the international freight forwarding conducted by shipping business operators or airline business operators or the domestic freight forwarding conducted by airline business operators, who falls under any of Article 6, paragraph (1), item (v), (a) through (d) (hereinafter referred to as "foreign national, etc.").

(Criteria for Permission)

Article 23 The Minister of Land, Infrastructure, Transport and Tourism must not grant the permission under Article 20 unless the Minister finds that the application for the permission under the Article satisfies the following criteria:

- (i) the business plan is appropriate for execution of the business (excluding the collection and delivery business plan);
- (ii) the applicant has the competency to appropriately execute the business;
- (iii) the business contributes to enhancement of the efficiency of the transportation capability to be provided on time and in accurate quantity by the actual forwarding business pertaining to the business;
- (iv) the applicant has an appropriate collection and delivery business plan to consistently and smoothly carry out the collection and delivery of freight and the consigned forwarding; and
- (v) if the applicant seeks to use automobiles for the collection and delivery of freight and the applicant has not obtained the permission prescribed in Article 3 or Article 35, paragraph (1) of the Motor Truck Transportation Business Act for the collection and delivery of freight, the collection and delivery business plan is appropriate for ensuring the safety of transportation pertaining to the collection and delivery of the freight.

(Business Plan and Collection and Delivery Business Plan)

Article 24 (1) A person who has obtained the permission under Article 20 (hereinafter referred to as "second-class consigned freight forwarding business operator") must comply with the business plan and collection and delivery business plan in conducting business.

(2) When the Minister of Land, Infrastructure, Transport and Tourism finds that a second-class freight forwarding business operator is violating the provisions of the preceding paragraph, the Minister may order the second-class consigned freight forwarding business operator to comply with the business plan and collection and delivery business plan in conducting business.

Article 25 (1) The second-class consigned freight forwarding business operator must obtain an approval from the Minister of Land, Infrastructure, Transport and Tourism in changing the business plan and the collection and delivery business plan (excluding the change prescribed in paragraph (3)).

(2) The provisions of Article 23 apply mutatis mutandis to the approval set forth in the preceding paragraph.

(3) In changing the collection and delivery business plan prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, the second-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism of the change in advance, and in changing the business plan and collection and delivery business plan on minor

matters of prescribed by the Order of the Ministry of Land, Infrastructure, Transport and Tourism, the business operator must notify the Minister of the change without delay.

(General Conditions of the Consigned Forwarding Contract)

- Article 26 (1) The second-class consigned freight forwarding business operator must establish the general conditions of the consigned forwarding contract and obtain an approval from the Minister of Land, Infrastructure, Transport and Tourism. The same applies when making changes to the general conditions.
- (2) The provisions of Article 8, paragraphs (2) and (3) apply mutatis mutandis to the approval of the consigned forwarding contract under the preceding paragraph. In this case, the term "the first-class consigned freight forwarding business operator" is deemed to be replaced with "the second-class consigned freight forwarding business operator."

(Display of Business Types)

- Article 27 The second class consigned freight forwarding business operator must display the fact that the operator is a second-class consigned freight forwarding business operator, the type of facilities for transportation pertaining to the consigned forwarding, fares and fees (limited to those which consumers are the subjects), general conditions of the consigned forwarding contract and other matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism at places easily visible for the public in the principal office and other business offices.

(Order to Improve Business)

- Article 28 When the Minister of Land, Infrastructure, Transport and Tourism finds it necessary for ensuring appropriate and reasonable management of the second-class consigned freight forwarding business, the Minister may order the following matters to the second-class consigned freight forwarding business operator:
- (i) to change the business plan or the collection and delivery business plan;
 - (ii) to change the general conditions of the consigned forwarding contract;
 - (iii) to conclude an insurance contract that ensures the money necessary to compensate for the damage that occurs in the freight transportation;
 - (iv) when it is found that the fares or fees are in fact hindering the convenience of the users and other public interests, to change the fares or fees;
 - (v) beyond what is set forth in the preceding items, if there is a fact that the freight owner's convenience is hindered or it is found that appropriate business management is considerably hindered, to take necessary measures to improve the business management.

(Transfer and Acquisition of Business)

- Article 29 (1) Transfer or acquisition of the second-class consigned freight forwarding business does not become effective without the approval of the Minister of Land, Infrastructure, Transport and Tourism.
- (2) Merger and split of a corporation that is a second-class consigned freight forwarding business operator do not become effective without the approval of the Minister of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply to the case where the corporation that is a second-class consigned freight forwarding business operator is to survive in the merger between a corporation that is a second-class consigned freight forwarding business operator and a corporation that does not manage the second-class consigned freight forwarding business, or the case of a split of a corporation that is a second-class consigned freight forwarding business operator where the second-class consigned freight forwarding business is not to be succeeded.
- (3) The provisions of Article 22 and Article 23 apply mutatis mutandis to the approval under the preceding two paragraphs.
- (4) The person to whom the second-class consigned freight forwarding business has been transferred with the approval under paragraph (1), or the corporation that survives or the corporation that is established after the merger when a second-class consigned freight forwarding business has merged or split or the corporation that has succeeded to the second-class consigned freight forwarding business after split with the approval under paragraph (2) succeeds to the rights and obligations based on the permission.

(Inheritance)

- Article 30 (1) Upon the death of a second-class consigned freight forwarding business operator, if the heir (if there are two or more heirs, the one who has been decided to succeed to the second-class consigned freight forwarding business upon consultation; the same applies in the following paragraph) seeks to continue to manage the second-class consigned freight forwarding business which the decedent had managed, the heir must obtain an approval from the Minister of Land, Infrastructure, Transport and Tourism within sixty days after the death of the decedent.
- (2) When the heir has applied for the approval set forth in the preceding paragraph, the permission for the second-class consigned freight forwarding business which had been granted to the decedent is deemed to have been granted to the heir from the date of the death of the decedent until the receipt of the notice of approval or refusal to approve.
- (3) The provisions of Article 22 and Article 23 apply mutatis mutandis to the

approval under paragraph (1).

(4) A person who has been granted the approval under paragraph (1) succeeds to the rights and obligations based on the permission pertaining to the decedent.

(Suspension and Discontinuance of Business)

Article 31 Upon suspension or discontinuance of business, the second-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days from the date of suspension or discontinuance.

(Safety of Transportation during Collection and Delivery of Freight)

Article 32 In regard to the matters pertaining to appointment of the operation manager in charge of the collection and delivery of the freight using automobiles and ensuring of safety of transportation, etc. by the second-class consigned freight forwarding business operator (excluding those who conduct the collection and delivery of the freight related to the business with the permission prescribed in Article 3 or Article 35, paragraph (1) of the Motor Truck Transportation Business Act), the matters are to be governed by the provisions of the Article 37, paragraph (3) of the Act.

(Suspension of Business and Rescission of Permission)

Article 33 When the second-class consigned freight forwarding business operator falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may order suspension of the whole or part of the business for a specified period not longer than three months (not longer than six months when falling under item (iii)) or rescind the permission:

(i) violation of this Act, orders based on this Act, dispositions or permissions based on them, or conditions attached to the approvals;

(ii) when the business operator comes to fall under any of the items of Article 22;

(iii) when the collection and delivery of freight is made by automobiles, the business operator has become subject to suspension of the business pertaining to the collection and delivery of freight, rescission of the permission pertaining to the business or other dispositions pursuant to the provisions of Article 33 of Motor Truck Transportation Business Act (including as applied mutatis mutandis pursuant to Article 35, paragraph (6) and Article 37, paragraph (3) of the Act).

(Provisions to be Applied Mutatis Mutandis)

Article 34 (1) The provisions of Article 10, Article 11, Article 13 and Article 18, paragraphs (1) and (2) apply mutatis mutandis to the second-class consigned

freight forwarding business operator. In this case, the term "for the first-class consigned freight forwarding business" in Article 13, paragraph (1) is deemed to be replaced with "for the consigned freight forwarding business" and the term "first-class consigned freight forwarding business" in paragraph (2) of the same Article is deemed to be replaced with "consigned freight forwarding business."

- (2) The provisions of Article 27 and Article 28 apply mutatis mutandis to the businesses normally associated with the second-class consigned freight forwarding business.

Chapter IV Consigned Freight Forwarding Business pertaining to International Freight Forwarding by Foreign Nationals

(Registration)

Article 35 (1) Notwithstanding the provisions of Article 3, paragraph (1) and Article 6, paragraph (1) (limited to the part pertaining to item (v)), foreign national, etc.) may manage the first-class consigned freight forwarding business pertaining to international freight forwarding conducted by shipping business operators or the first-class consigned freight forwarding business pertaining to international freight forwarding conducted by airline business operators upon registration by the Minister of Land, Infrastructure, Transport and Tourism.

- (2) The registration under the preceding paragraph is to be made in accordance with the classification of the international freight forwarding prescribed in the same paragraph.
- (3) The provisions of Article 3, paragraph (2) apply mutatis mutandis to the person who obtained the permission prescribed in Article 45, paragraph (1). In this case, the term "business plan prescribed in Article 21, paragraph (1), item (ii) " in Article 3, paragraph (2) is deemed to be replaced with "business plan prescribed in Article 45, paragraph (3)."

(Application for Registration)

Article 36 (1) A person who seeks to obtain a registration under paragraph (1) of the preceding Article must submit an application form that states the matters listed in the respective items of Article 4, paragraph (1) and other matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism to the Minister of Land, Infrastructure, Transport and Tourism.

- (2) Beyond what is set forth in the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism may demand submission of the business plan and other documents found to be necessary to the applicant of the registration under paragraph (1) of the preceding Article.

(Implementation of Registration)

Article 37 (1) When application for registration pursuant to the provisions of the preceding Article is made, except for the case of refusing the registration pursuant to the provisions of paragraph (1) of the following Article, the Minister of Land, Infrastructure, Transport and Tourism must register the following matters in the foreign national international first-class shipping business operator register (hereinafter referred to as "foreign national international first-class shipping operator register") or the foreign national international first-class freight airline business operator register (hereinafter referred to as "foreign national international first-class airline operator register").

(i) matters prescribed in paragraph (1) of the preceding Article; and

(ii) registration date and registration number.

(2) Upon registration pursuant to the provisions of the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must notify the applicant to that effect without delay.

(3) The Minister of Land, Infrastructure, Transport and Tourism must provide the foreign national international first-class shipping operator register and the foreign national international first-class airline operator register for public inspection.

(Refusal of Registration)

Article 38 (1) If an applicant for the registration pursuant to the provisions of Article 36 falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism must refuse the registration:

(i) a person who has been sentenced to imprisonment with work or without work for a period of one year or longer (including punishment by an equivalent foreign law), and for whom two years have not elapsed since completion of the sentence or the date on which the person ceased to be subject to the sentence;

(ii) a person who has received rescission of the registration of the first-class consigned freight forwarding business or the permission for the second-class consigned freight forwarding business and for whom two years have not elapsed since the date of the rescission or a person who has received rescission of the same type of registration or permission (including licenses or other administrative dispositions similar to the registration or permission) pursuant to the provisions of foreign laws and regulations corresponding to this Act and for whom two years have not elapsed since the rescission date;

(iii) a person who has committed a wrongful act related to consigned freight forwarding business within two years prior to the application;

- (iv) a corporation which has an officer who falls under any of the preceding three items;
 - (v) a person who falls under any of the provisions of Article 6, paragraph (1), item (vi) or item (vii); or
 - (vi) a person who falls under the grounds found to be appropriate to refuse the registration in order to ensure the fair business activities in the field of the first-class consigned freight forwarding business pertaining to the international freight forwarding prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.
- (2) Upon refusal of registration pursuant to the provisions of the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must notify the applicant to that effect by giving the reason without delay.

(Registration of Changes)

- Article 39 (1) If a person who has been registered pursuant to provisions of Article 35, paragraph (1) (hereinafter referred to as "foreign national international first-class consigned freight forwarding business operator") seeks to change the matters prescribed in Article 36, paragraph (1) (excluding the matters listed in Article 4, paragraph (1), items (i) through (iii)), the person must obtain a registration of change from the Minister of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply to minor changes prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.
- (2) The provisions of the preceding three Articles apply mutatis mutandis to the registration of change under the preceding paragraph. In this case, the phrase "matters prescribed in the respective items of Article 4, paragraph (1) and other matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism" in Article 36, paragraph (1) and the phrase "following matters" in paragraph (1) of Article 37 are deemed to be replaced with "matters pertaining to changes."
- (3) If changes are made to the matters prescribed in Article 36, paragraph (1) (limited to the matters listed in Article 4, paragraph (1), items (i) through (iii)) or minor changes under the proviso of paragraph (1) are made, the foreign national international first-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days after the date of the changes.
- (4) Upon receipt of the notification pursuant to the provisions of the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism must register the matters notified in the foreign national international first-class shipping operator register or foreign national international first class airline operator register without delay.

(Order of Change of Fares and Fees)

Article 40 When the Minister of Land, Infrastructure, Transport and Tourism finds it necessary, the Minister may order the foreign national first-class consigned forwarding business operator to change the fares or fees.

(Discontinuance of Business)

Article 41 Upon discontinuance of business, the foreign national international first-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days from the date of discontinuance.

(Suspension of Business and Rescission of Registration)

Article 42 If the foreign national international first-class consigned freight forwarding business operator falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may order the business operator to suspend the whole or part of the business for a specified period, or rescind the registration.

- (i) when the foreign national international first-class consigned freight forwarding business operator has violated the laws, dispositions based on laws, or conditions attached upon registration;
- (ii) when the foreign national international first-class consigned freight forwarding business operator has received registration prescribed in Article 35, paragraph (1) or registration of change prescribed in Article 39, paragraph (1) by wrongful means;
- (iii) when the foreign national international first-class consigned freight forwarding business operator comes to fall under any of the items of Article 38, paragraph (1);
- (iv) when the country to which the foreign national international first-class consigned freight forwarding business operator belongs (if the foreign national international first-class consigned freight forwarding business operator is an individual, the country in which the individual has nationality and if the foreign national international first-class consigned freight forwarding business operator is a corporation or other associations, the country in which the individual who substantially controls the business through possession of stocks, etc. or by other means has nationality or the country in which the substantial controller has its head office or other principal offices; hereinafter the same applies in this item) becomes different from the country where the foreign national international first-class consigned freight forwarding business operator has received the registration prescribed in Article 35, paragraph (1);

- (v) in regard to the foreign national international first-class consigned freight airline business operator (a person who has obtained the registration prescribed in Article 35, paragraph (1) for the first-class consigned freight forwarding business pertaining to international freight forwarding conducted by airline business operators; hereinafter the same applies in this item), when there is an agreement on aviation between Japan and the foreign country in which the foreign national international first-class consigned freight forwarding business operator has nationality or with the foreign country where the head office and other principal offices exists, that foreign country or the foreign national international first-class consigned freight airline business operator has violated the agreement or the agreement has lost effect; or
- (vi) beyond what is set forth in the preceding items, when the business operator comes to fall under the grounds where the Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes as grounds for which disposition is necessary in order to ensure the public interest.

(Cancellation of Registration)

Article 43 When a notification pursuant to the provisions of Article 41 is made or the Minister of Land, Infrastructure, Transport and Tourism has rescinded the registration pursuant to the provisions of the preceding Article, the Minister must cancel the registration of the foreign national international first-class consigned freight forwarding business.

(Associated Businesses)

Article 44 (1) The foreign national international first-class consigned freight forwarding business operator may conduct businesses normally associated with the foreign national international first-class consigned freight forwarding business, such as packaging of the freight, etc., collection and advance of the charges in association with the foreign national international first-class consigned freight forwarding business.

- (2) Upon conducting the packaging of the freight, etc. associated with the foreign national international first-class consigned freight forwarding business, the foreign national international first-class consigned freight forwarding business operator must take necessary measures for ensuring the safety of transportation prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, such as measures to prevent collapsing of the freight and to provide appropriate instructions to the employees engaged in handling of the freight.
- (3) The provisions of Article 9 and Article 12 apply mutatis mutandis to the businesses that are normally associated with the foreign national international first-class consigned freight forwarding business.

(Permission)

Article 45 (1) Notwithstanding the provisions of Article 20 and Article 22 (limited to the part pertaining to item (ii)), foreign national, etc., upon obtaining permission by the Minister of Land, Infrastructure, Transport and Tourism, may manage the second-class consigned freight forwarding business pertaining to international freight forwarding conducted by the shipping business operators or the second-class consigned freight forwarding business pertaining to the international freight forwarding conducted by the airline business operators.

- (2) The permission under the preceding paragraph is to be given in accordance with the classification of the international freight forwarding prescribed in the same paragraph.
- (3) A person who seeks to obtain the permission under paragraph (1) must submit an application form that states the business plan related to the sections of the consigned forwarding and other matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism to the Minister of Land, Infrastructure, Transport and Tourism.
- (4) Beyond what is prescribed in the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism may demand submission of documents the Minister finds necessary to the applicant of the permission under paragraph (1).
- (5) For granting the permission under paragraph (1), the Minister of Land, Infrastructure, Transport and Tourism is to faithfully perform the obligations under international agreements and is to give consideration so that fair business activities in the field of the second-class consigned freight forwarding business pertaining to the international freight forwarding are conducted and the sound development of the business will be ensured.

(Business Plan)

Article 46 (1) A person who has been granted the permission under paragraph (1) of the preceding Article (hereinafter referred to as "foreign national international second-class consigned freight forwarding business operator") must conduct business in accordance with the business plan.

- (2) In seeking to change the business plan (excluding those provided in paragraph (4)), the foreign national international second-class freight forwarding business operator must obtain an approval from the Minister of Land, Infrastructure, Transport and Tourism.
- (3) The provisions of paragraph (5) of the preceding Article apply mutatis mutandis to the approval under the preceding paragraph.
- (4) In seeking to make changes to the business plan prescribed by Order of the

Ministry of Land, Infrastructure, Transport and Tourism, the foreign national second-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect in advance and when changes have been made to the business plan on minor matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, the business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect without delay.

(5) When the Minister of Land, Infrastructure, Transport and Tourism finds it necessary, the Minister may order change of the business plan to the foreign national international second-class consigned freight forwarding business operator.

(Order to Change Fares or Fees)

Article 47 When the Minister of Land, Infrastructure, Transport and Tourism finds it necessary, the Minister may order the foreign national international second-class consigned freight forwarding business operator to change the fares or fees.

(Discontinuance of Business)

Article 48 Upon discontinuance of business, the foreign national international second-class consigned freight forwarding business operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect within thirty days from the date of discontinuance.

(Safety of Transportation during Collection and Delivery of Freight)

Article 49 In regard to the matters related to the appointment of the operation manager in charge of the collection and delivery of freight using automobiles and the ensuring of safety of transportation, etc. by the foreign national international second-class consigned freight forwarding business operator (excluding those who conduct the collection and delivery of the freight pertaining to the business with the permission prescribed in Article 3 or Article 35, paragraph (1) of the Motor Truck Transportation Business Act), the matters conform to the provisions of Article 37, paragraph (3) of the Act.

(Suspension of Business and Rescission of Permission)

Article 49-2 If the foreign national international second-class consigned freight forwarding business operator falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism may order suspension of the whole or part of the business for a specified period, or rescind the permission.

(i) when the foreign national international second-class consigned freight

- forwarding business operator has violated the laws, dispositions based on laws or conditions attached to the permission or approval;
- (ii) when the country to which the foreign national international second-class consigned freight forwarding business operator belongs (if the foreign national international second-class consigned freight forwarding business operator is an individual, the country in which the individual has nationality and if the foreign national international second-class consigned freight forwarding business operator is a corporation or other associations, the country in which the individual who substantially controls the business through possession of stocks, etc. or by other means has nationality or the country in which the substantial controller has its head office or other principal offices; hereinafter the same applies in this item) becomes different from the country where the foreign national international second-class consigned freight forwarding business operator has been granted the permission prescribed in Article 45, paragraph (1);
 - (iii) for the foreign national international second-class consigned freight airline business operator (meaning the person who has been granted the permission prescribed in Article 45, paragraph (1) concerning the second-class consigned freight forwarding business pertaining to the international freight forwarding conducted by airline business operators; hereinafter the same applies in this item), when there is an agreement on aviation between Japan and the foreign country in which the foreign national international second-class consigned freight airline business operator has nationality or the foreign country where its head office and other principal offices are located, and that foreign country or the foreign national international second-class consigned freight airline business operator has violated the agreement, or the agreement has lost effect;
 - (iv) beyond what is set forth in the preceding three items, when it is necessary for public interest.

(Provisions to be Applied Mutatis Mutandis)

Article 49-3 The provisions of Article 44 apply mutatis mutandis to the foreign national international second-class consigned freight forwarding business operators.

(Conditions for Registrations)

Article 50 Registrations, permissions or approvals prescribed under this Chapter may be attached with conditions or due date and may be changed or conditions or due date may be added after registration or granting of the permission or approval.

(Exclusion from Application for Application of the Administrative Procedure Act)

Article 50-2 (1) In regard to the dispositions pursuant to the provisions of Articles 40, Article 42, Article 44, paragraph (3) or the preceding Article that fall under the cases prescribed in the Order of the Ministry of Land, Infrastructure, Transport and Tourism as the grounds necessary for the dispositions to be made in order to ensure fair business activities in the field of the first-class consigned freight forwarding business pertaining to the international freight forwarding, the provisions of Chapter III of the Administrative Procedure Act (Act No. 88 of 1993) do not apply.

(2) In regard to the dispositions pursuant to the provisions of Article 44, paragraph (3) or the preceding Article as applied mutatis mutandis pursuant to Article 46, paragraph (5), Article 47, Article 49-2, Article 49-3 that fall under the cases prescribed in the Order of the Ministry of Land, Infrastructure, Transport and Tourism as the grounds necessary for the dispositions to be made in order to ensure fair business activities in the field of the second-class consigned freight forwarding business pertaining to the international freight forwarding, the provisions of Chapter III of the Administrative Procedure Act do not apply.

Chapter V Miscellaneous Provisions

(Prohibition of Acts that Cause Misunderstanding by Persons Other Than Those Who Manage the Consigned Freight Forwarding Business)

Article 51 (1) Persons other than those who manage the consigned freight forwarding business must not make an indication, advertisement or perform other acts that cause misunderstanding to the public that the business they manage is the consigned freight forwarding business.

(2) The Minister of Land, Infrastructure, Transport and Tourism may order the persons other than those who manage the consigned freight forwarding business to take measures to prevent misunderstanding by the public that they manage the consigned freight forwarding business.

(Measures for Sound Development of Consigned Freight Forwarding Business)

Article 52 The Minister of Land, Infrastructure, Transport and Tourism must endeavor to comprehensively take necessary measures for sound development of the consigned freight forwarding business and improvement and enhancement of the freight forwarding services for the users with due consideration to the trend of preference by the users for sophisticated and diversified freight forwarding services and the trend of the business activities related to distribution of the freight that address the trends in order to

contribute to smooth freight distribution.

(Notification of Associations Related to Consigned Freight Forwarding Business)

- Article 53 (1) The associations organized by those who manage the consigned freight forwarding business with the objective of improvement and enhancement of the freight forwarding services or sound development of the consigned freight forwarding business must notify the Minister of Land, Infrastructure, Transport and Tourism the matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism within thirty days after the date of establishment.
- (2) When it is necessary for improving and enhancing the freight forwarding services or promoting sound development of the consigned freight forwarding business, the Minister of Land, Infrastructure, Transport and Tourism may demand the associations that have made the notification pursuant to the provisions of the preceding paragraph give a report on the business.

(Conditions for Registrations)

- Article 54 (1) Registrations, permissions or approvals prescribed in this Act (excluding the provisions of Chapter IV) may be attached with conditions or due date which may be changed.
- (2) The conditions or due date under the preceding paragraph must be limited to the minimum necessary to secure implementation of the matters pertaining to the registrations, permissions or approvals and must not impose unreasonable obligations to the recipients of the registrations, permissions or approvals.

(Collection of Reports and On-site Inspections)

- Article 55 (1) The Minister of Land, Infrastructure, Transport and Tourism may order the first-class consigned freight forwarding business operators, second-class consigned freight forwarding business operators, the foreign national international first-class consigned freight forwarding business operators or the foreign national international second-class consigned freight forwarding business operators (hereinafter simply referred to as the "consigned freight forwarding business operators") to report on its business within the limit necessary for the enforcement of this Act pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.
- (2) The Minister of Land, Infrastructure, Transport and Tourism may have its officers enter the principal office and other business offices of the consigned freight forwarding business operators to inspect the conditions of its business or accounting or facilities used for business, books, documents and other objects, or ask questions to relevant persons within the limit necessary for the

enforcement of this Act.

- (3) The officer who conducts the on-site inspection pursuant to the provisions of the preceding paragraph must carry their identification card and present it when requested by relevant persons.
- (4) The authority under the provisions of paragraph (2) must not be construed as approved for criminal investigations.

(Transitional Measures)

Article 56 Upon establishing, amending or repealing an order based on the provisions of this Act, the required transitional measures (including the transitional measures related to penal provisions) may be established within the scope judged to be reasonably necessary for the establishment, amendment or repeal by the order.

(Delegation of Authority)

Article 57 The authority of the Minister of Land, Infrastructure, Transport and Tourism prescribed in this Act may be delegated to the Director of the Regional Transport Bureau (including the Director of Transport Administration Department) pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

Article 58 Deleted

(Delegation to the Order of the Ministry of Land, Infrastructure, Transport and Tourism)

Article 59 Beyond what is set forth in this Act, procedures required for the enforcement of this Act and other matters are prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

Chapter VI Penal Provisions

Article 60 A person who falls under any of the following items is punished by imprisonment with work for not more than three years or a fine of not more than three million yen or their cumulative imposition:

- (i) a person who has managed the second-class consigned freight forwarding business in violation of the provisions of Article 20;
- (ii) a person who has had another person use their name for the second-class consigned freight forwarding business in violation of Article 13, paragraph (1) as applied mutatis mutandis pursuant to Article 34, paragraph (1);
- (iii) a person who has had another person manage the second-class consigned freight forwarding business in their name in violation of Article 13,

paragraph (2) as applied mutatis mutandis pursuant to Article 34, paragraph (1); or

- (iv) a person who has conducted matters without the permission concerning the second-class consigned freight forwarding business that must be obtained pursuant to the provisions of Article 45, paragraph (1).

Article 61 A person who has violated the order to suspend business pursuant to the provisions of Article 33 or Article 49-2 is punished by imprisonment with work for not more than one year or a fine of not more than one million five hundred thousand yen or their cumulative imposition.

Article 62 A person who falls under any of the following items is punished by imprisonment with work for not more than one year or a fine of not more than one million five hundred thousand yen or their cumulative imposition:

- (i) a person who has managed the first-class consigned freight forwarding business in violation of Article 3, paragraph (1);
- (ii) a person who has had another person use their name for the first-class consigned freight forwarding business in their name in violation of Article 13, paragraph (1) (including as applied mutatis mutandis pursuant to Article 34, paragraph (1));
- (iii) a person who has had another person manage the first-class consigned freight forwarding business in their name in violation of Article 13, paragraph (2) (including as applied mutatis mutandis pursuant to Article 34, paragraph (1)); or
- (iv) a person who has conducted matters without the permission concerning the first-class consigned freight forwarding business that must be obtained pursuant to the provisions of Article 35, paragraph (1).

Article 63 A person who has violated the order to suspend business pursuant to the provisions of Article 16 or Article 42 is punished by imprisonment with work for not more than six months or a fine of not more than five hundred thousand yen or their cumulative imposition.

Article 64 A person who has violated the order pursuant to the provisions of Article 51, paragraph (2) (limited to those related to the second-class consigned freight forwarding business) is punished by a fine of not more than one million five hundred thousand yen.

Article 65 A person who falls under any of the following items is punished by a fine of not more than one million yen:

- (i) a person who has concluded a forwarding contract without the approval

- pursuant to the provisions Article 8, paragraph (1) or Article 26, paragraph (1), or without complying with the general conditions of the approved consigned forwarding contract;
- (ii) a person who has violated the order pursuant to the provisions of Article 12 (including as applied mutatis mutandis pursuant to Article 18, paragraph (3)), Article 24, paragraph (2), Article 28 (including as applied mutatis mutandis pursuant to Article 34, paragraph (2)), Article 40, Article 44, paragraph (3) (including as applied mutatis mutandis pursuant to Article 49-3, paragraph (3)), Article 46, paragraph (5), or Article 47;
 - (iii) a person who has changed the business plan or the collection and delivery business plan in violation of Article 25, paragraph (1) or Article 46, paragraph (2);
 - (iv) a person who has failed to make a report pursuant to the provisions of Article 55, paragraph (1), or has made a false report; or
 - (v) a person who has refused, obstructed or evaded the inspection pursuant to the provisions of Article 55, in paragraph (2), or failed to make a statement to a question or made a false statement.

Article 66 A person who falls under any of the following items is punished by a fine of not more than five hundred thousand yen:

- (i) a person who has changed the matters listed in Article 4, paragraph (1), item (iv) in violation of the provisions of Article 7, paragraph (1) or changed the matters prescribed in Article 36, paragraph (1) in violation of the provisions of Article 39, paragraph (1); or
- (ii) a person who has violated the order pursuant to the provisions of Article 51, paragraph (2) (limited to those pertaining to the first-class consigned freight forwarding business).

Article 67 If a representative of a corporation, an agent, an employee or other worker of a corporation or an individual has committed a violation under Articles 60 to the preceding Article with regard to the business of the corporation or individual, not only the offender is punished but also the corporation or individual is punished by the fine prescribed in the respective Articles.

Article 68 A person who falls under any of the following items is punished by a civil fine of not more than five hundred thousand yen:

- (i) a person who has failed to make a notification pursuant to the provisions of Article 7, paragraph (3), Article 11 (including as applied mutatis mutandis pursuant to Article 34, paragraph (1)), Article 14, paragraph (2), Article 15, Article 25, paragraph (3), Article 31, Article 39, paragraph (3), Article 41,

Article 46, paragraph (4), or Article 48, or has made a false notification; or
(ii) a person who has failed to make a display pursuant to the provisions of
Article 9 (including as applied mutatis mutandis pursuant to Article 18,
paragraph (3)) or Article 27 (including as applied mutatis mutandis pursuant
to Article 34, paragraph (2)), or has made a false display.