

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

Act on Promoting the Distribution and Use of Legally Harvested Wood and Wood Products

(Act No. 48 of May 20, 2016)

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Chapter I General Provisions

(Purpose)

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

(Definitions)

Article 2 (1) The term "wood and wood products" as used in this Act means wood (excluding that collected or disposed of after being used or without being used, and those made from the wood; hereinafter the same applies in this Article)

and furniture, paper, and other goods manufactured by processing wood or using wood as a main raw material, which are specified by order of the competent ministries (excluding those that are collected or disposed of after being used or without being used).

- (2) The term "legally harvested wood and wood products" as used in this Act means wood made from trees logged in accordance with the laws and regulations of Japan or the country of harvest (including Prefectural or Municipal Ordinances in the case of Japanese laws and regulations; the same applies in Article 6, paragraph (1), item (i)) and furniture, paper, and other goods manufactured by processing the wood or using the wood as a main raw material, which are specified by order of the competent ministries (excluding those that are collected or disposed of after being used or without being used).
- (3) The term "wood-related business entity" means a person who conducts a business that manufactures, processes, imports, exports, or sells wood and wood products (excluding sale to consumers), a business that builds or constructs buildings and other structures using wood, and other businesses using wood and wood products, which are specified by order of the competent ministries.

Chapter II Basic Policy

(Basic Policy)

- Article 3 (1) In order to comprehensively and systematically promote the distribution and use of legally harvested wood and wood products, the competent ministers are to specify the Basic Policy for Promoting the Distribution and Use of Legally Harvested Wood and Wood Products (hereinafter referred to simply as "Basic Policy" in this Article and Article 6, paragraph (2)).
- (2) The following matters are to be specified in the Basic Policy:
- (i) basic directions for promoting the distribution and use of legally harvested wood and wood products;
 - (ii) matters concerning measures to promote the distribution and use of legally harvested wood and wood products;
 - (iii) matters pertaining to dissemination of knowledge on the meaning of promoting the distribution and use of legally harvested wood and wood products; and
 - (iv) other important matters concerning promotion of the distribution and use of legally harvested wood and wood products.
- (3) The competent ministers must, when intending to specify or revise the Basic Policy, consult with Minister of the Environment and the heads of relevant administrative organs.

- (4) The competent ministers must, when having specified or revised the Basic Policy, publicly announce this without delay.

(Responsibilities of the State)

Article 4 (1) The State must endeavor to take measures such as securing funds necessary to promote the distribution and use of legally harvested wood and wood products.

- (2) In order to contribute to promoting the distribution and use of legally harvested wood, etc., the State is to collect and provide information on the situation of domestic and international production and distribution of wood and wood products, laws and regulations concerning the sustainable use of forests in Japan and other nations, laws and regulations concerning trading, etc., and other laws and regulations concerning the ensuring of appropriate distribution of wood and wood products, and take other necessary measures, as well as publicize the system pertaining to the registration, announce excellent initiatives by Registered Wood-Related Business Entities set forth in Article 13, paragraph (1), and take other necessary measures to promote the registration of wood-related business entities set forth in Article 8.

- (3) Through educational and publicity activities, etc., the State is to take necessary measures to enhance business entities' and citizens' understanding on the significance of promoting the distribution and use of legally harvested wood and wood products.

(Responsibilities of Business Entities)

Article 5 A business entity must endeavor to use legally harvested wood and wood products when using wood and wood products.

Chapter III Standards of Judgement for Wood-Related Business Entities

(Standards of Judgement for Wood-Related Business Entities)

Article 6 (1) In order to promote the distribution and use of legally harvested wood and wood products, the competent ministers are to specify the following matters that would serve as the standards of judgment for wood-related business entities, with regard to measures that wood-related business entities take to ensure the use of legally harvested wood and wood products by an order of the competent ministries:

- (i) matters to confirm that wood and wood products handled by wood-related business entities are harvested in accordance with the laws and regulations of Japan or the country of harvest;
- (ii) in cases where the preceding item cannot be confirmed, matters concerning additional measures which need to be taken by wood-related business

- entities to ensure the use of legally harvested wood and wood products;
 - (iii) matters concerning necessary measures when wood-related business entities transfer wood and wood products; and
 - (iv) matters concerning the record management pertaining to the confirmation set forth in item (i) and the measures set forth in item (ii), as well as other matters specified by an order of the competent ministries.
- (2) Matters that would serve as the standards of judgment for wood-related business entities set forth in the preceding paragraph are to be specified in line with the Basic Policy and by taking into consideration the situation of domestic and international production and distribution of wood and wood products and the enforcement of laws and regulations concerning the sustainable use of forests in Japan and other nations, laws and regulations concerning trading, etc., and other laws and regulations concerning the ensuring of appropriate distribution of wood and wood products, as well as the types of business engaged in by wood-related business entities and other circumstances, and necessary revision is to be made in accordance with the change in the circumstances.

(Guidance and Advice)

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

Chapter IV Registration of Wood-Related Business Entities

(Registration of Wood-Related Business Entities)

Article 8 A wood-related business entity that takes measures to ensure the use of legally harvested wood and wood products, with regard to the wood and wood products to be handled, will be entitled to obtain registration from a person who has been registered by the competent ministers (hereinafter referred to as "Registering Organization") pursuant to the provisions of Articles 16 through 18, pursuant to the provisions of order of the competent ministries.

(Application for Registration)

Article 9 (1) A person who intends to be registered as a wood-related business entity set forth in the preceding Article must submit a written application stating the following matters to a Registering Organization.

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

(Implementation of Registration)

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

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

(Refusal of Registration)

Article 11 (1) A Registering Organization must refuse registration when an application for registration under the provisions of Article 9 falls under any of the following items:

- (i) when the applicant is found not to properly and reliably take measures for ensuring the use of legally harvested wood and wood products, with regard to the wood and wood products to be handled, by taking into consideration the matters that would serve as the standards of judgment for wood-related business entities set forth in Article 6, paragraph (1);
 - (ii) when the applicant has been sentenced to a fine or a severer punishment pursuant to the provisions of this Act, and for whom one year has not yet elapsed after the penalty was executed or suspended;
 - (iii) when the applicant whose registration was rescinded pursuant to the provisions of Article 14, paragraph (1), for whom one year has not yet elapsed since the date of the rescission; or
 - (iv) when the applicant is a corporation that has any officers who fall under any of the preceding two items.
- (2) Upon refusal of the registration due to the provisions of the preceding paragraph, the Registering Organization must notify the applicant thereof

giving the reason without delay.

(Renewal of Registration)

- Article 12 (1) The registration as a wood-related business entity set forth in Article 8 will cease to be effective upon the expiration of that period unless it is renewed every five years.
- (2) The provisions of the preceding three Articles apply mutatis mutandis to a renewal set forth in the preceding paragraph.

(Use of Name)

- Article 13 (1) A person who was registered as a wood-related business entity set forth in Article 8 (hereinafter referred to as "Registered Wood-Related Business Entity") may use the name of Registered Wood-Related Business Entity within the scope of business for which measures are taken to ensure the use of legally harvested wood and wood products concerning the relevant registration, pursuant to the provisions of order of the competent ministries.
- (2) A Registered Wood-Related Business Entity is prohibited to use the name of Registered Wood-Related Business Entity or any name similar thereto which may cause confusion, except for the cases specified in the preceding paragraph.
- (3) A person who is not a Registered Wood-Related Business Entity may not use the name of Registered Wood-Related Business Entity or any name similar thereto that may cause confusion.

(Rescission of Registration)

- Article 14 (1) When a Registered Wood-Related Business Entity falls under any of the following items, the Registering Organization may rescind the registration of the relevant Registered Wood-Related Business Entity:
- (i) when the Registered Wood-Related Business Entity falls under any of the items of Article 11, paragraph (1);
 - (ii) when having used the name of Registered Wood-Related Business Entity or any name similar thereto that may cause confusion, in violation of the provisions of paragraph (2) of the preceding Article; or
 - (iii) when the Registered Wood-Related Business Entity has been registered as a Registered Wood-Related Business Entity set forth in Article 8 or renewed the registration by wrongful means.
- (2) The provisions of Article 11, paragraph (2) apply mutatis mutandis to the case set forth in the preceding paragraph.

(Deletion of Registration)

- Article 15 A Registering Organization that has deleted a registration under the provisions of paragraph (1) of the preceding Article or received an application

for the deletion of a registration must delete the registration of the relevant Registered Wood-Related Business Entity and publicly notify thereof.

Chapter V Registering Organizations

(Registration of Registering Organizations)

Article 16 The registration from the competent ministers set forth in Article 8 (hereinafter referred to as "Registration of Registering Organization") is carried out based on an application made by a person who intends to conduct the affairs concerning the implementation of registration of a wood-related business entity set forth in the same Article (hereinafter referred to as "Registering Procedures").

(Disqualification Clause)

Article 17 A person who falls under any of the following items may not be registered as a Registering Organization.

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

(Requirements for Registration as a Registering Organization)

Article 18 (1) The competent ministers must register a person who has applied for Registration of Registering Organization pursuant to the provisions of Article 16 (excluding those who fall under any item of the preceding Article; hereinafter referred to as "Applicant for Registration") if that person conforms to all of the following requirements. In this case, the necessary procedures concerning registration are specified by an order of the competent ministries.

- (i) a person who conforms to the standards specified by the International Organization for Standardization and the International Electrotechnical Commission for bodies that certify products, procedures, and services, and any other person who is deemed to be capable of properly conducting the Registering Procedures.
- (ii) the Applicant for Registration is not controlled by a wood-related business entity falling under none of the following conditions:
 - (a) when an Applicant for Registration is a stock company, a wood-related

- business entity is its parent corporation (referring to a parent corporation of Article 879, paragraph (1) of the Companies Act (Act No. 86 of 2005));
- (b) the proportion of officers who are officers or employees of wood-related business entities (including those who have been officers or employees of wood-related business entities within the past two years) to the total officers of the Applicant for Registration is over one-half; or
 - (c) an Applicant for Registration (in the case of a corporation, an officer who has the representation power) is an officer or an employee of a wood-related business entity (including those who have been officers or employees of the relevant wood-related business entity within the past two years).
- (2) Registration of a Registering Organization is to be made, with the following matters stated in the Registering Organization registry:
- (i) date of registration and registration number of the Registering Organization;
 - (ii) the name and address of the person who was registered as a Registering Organization (in the case of a corporation, its name, the name of its representative person, and the location of its principal office); and
 - (iii) the location of the office where a person who was registered as a Registering Organization conducts Registering Procedures.

(Renewal of Registration of Registering Organization)

- Article 19 (1) Registration of a Registering Organization will cease to be effective as a result of the expiration of the registration period unless it is renewed every five years.
- (2) The provisions of the preceding three Articles apply mutatis mutandis to the renewal of the registration of a Registering Organization.

(Obligation to Conduct Registration)

- Article 20 (1) A Registering Organization must, when requested to conduct Registering Procedures, do so without delay unless there is just cause.
- (2) A Registering Organization must conduct Registering Procedures fairly using the method that conforms to the criteria specified by an order of the competent ministries.

(Notification of the Change of Office)

- Article 21 A Registering Organization must, when intending to change the address of its office where it conducts Registering Procedures, notify the competent ministers of the change two weeks prior to the date on which the change is scheduled to be made.

(Rules for Registering Procedures)

Article 22 (1) A Registering Organization must establish the rules concerning Registering Procedures (hereinafter referred to as "Rules for Registering Procedures") and notify the competent ministers thereof before the commencement of the Registering Procedures. The same applies in the event of any change.

(2) The Rules for Registering Procedures must specify the implementation method of the Registering Procedures, the charge of the Registering Procedures, and matters specified by an order of the competent ministries.

(Suspension or Abolition of Registering Procedures)

Article 23 A Registering Organization must, when intending to suspend or abolish all or part of Registering Procedures, notify the competent ministers thereof in advance pursuant to the provisions of order of the competent ministries.

(Maintenance and Inspection of Financial Statements)

Article 24 (1) A Registering Organization must, within three months from the end of every fiscal year, prepare an inventory of property, balance sheet, profit and loss statement, or income and expenditure statement, and business report of that fiscal year (including an electronic or magnetic record (a record in an electronic format, a magnetic format, or any other format not recognizable to human perception that is used for information processing by a computer; hereinafter the same applies in this Article) when the relevant electronic or magnetic record is prepared instead of those documents; hereinafter referred to as "Financial Statements, etc.") and maintain them in its office for five years.

(2) A wood-related business entity or any other interested party may make the following requests at any time during the business hours of a Registering Organization; provided, however, that they must pay the expenses specified by the Registering Organization when making a request as mentioned in item (ii) or (iv) of this paragraph:

(i) when Financial Statements, etc. are written documents, a request for inspection of the relevant documents or copy thereof;

(ii) a request for transcripts of or extracts from the documents in the preceding item;

(iii) when Financial Statements, etc. have been prepared in the form of electronic or magnetic records, a request for inspection or copy of the matters recorded in the relevant electronic or magnetic records displayed using a method specified by the order of the competent ministries; and

(iv) a request for provisions of what is recorded in electronic or magnetic records of the preceding item by an electronic or magnetic method as

specified by an order of the competent ministries or request for delivery of a document containing the relevant matters.

(Order for Conformity)

Article 25 The competent ministers may, when finding that a Registering Organization ceases to conform to any of the items of Article 18, paragraph (1), order the Registering Organization to take necessary measures for conformity to the provisions.

(Order for Improvement)

Article 26 The competent ministers may, when finding that a Registering Organization has violated the provisions of Article 20, order the Registering Organization to conduct Registering Procedures or take necessary measures to improve the means of registering a wood-related business entity or other operational procedures.

(Rescission of the Registration of a Registering Organization)

Article 27 The competent ministers may, when a Registering Organization falls under any of the following items, rescind its registration or order it to suspend all or part of its Registering Procedures for a fixed period:

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

(Bookkeeping)

Article 28 Pursuant to the provisions of an order of the competent ministries, a Registering Organization must prepare and keep books where it must enter the matters as specified by an order of the competent ministries concerning Registering Procedures.

(Public Notice)

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

- (i) when having made a registration of a Registering Organization;
- (ii) when having received a notification under the provisions of Article 21 or 23;

and

(iii) when having rescinded a registration of a Registering Organization pursuant to the provisions of Article 27 or ordered the suspension of all or part of Registering Procedures.

(Special Measures of Hearing)

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

Chapter VI Miscellaneous Provisions

(Appropriate Coordination)

Article 31 When promoting the distribution and use of legally harvested wood and wood products, the State is to appropriately coordinate with business entities, private organizations, and other entities carrying out business activities that contribute to a shift of demand to legally harvested wood and wood products.

(Promotion of International Cooperation)

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

(Reporting and On-site Inspection)

Article 33 (1) The competent ministers may, to the extent necessary for the enforcement of this Act, order a wood-related business entity to report the status of ensuring the use of legally harvested wood and wood products, or have the officials enter the business office, factory, workplace, or warehouse of the wood-related business entity and inspect account books, documents, and other articles.

(2) The competent ministers may, to the extent necessary for the enforcement of this Act, order a Registering Organization to report its business activities, or have the officials enter the business office and inspect the status of its business activities or account books, documents, and other items.

(3) An official who conducts an inspection pursuant to the provisions of the preceding two paragraphs must carry their identification card and present it to

the persons concerned.

- (4) The authority for the on-site inspection under the provisions of paragraphs (1) and (2) is not interpreted to be approval for a criminal investigation.

(Competent Ministers)

Article 34 (1) The competent ministers in this Act are the Minister of Agriculture, Forestry and Fisheries, the Minister of Economy, Trade and Industry, and the Minister of Land, Infrastructure and Transportation; provided, however, that, with regard to the matters concerning the guidance and advice set forth in Article 7 and the collection of reports and on-site inspections set forth in paragraph (1) of the preceding Article, both the Minister of Agriculture, Forestry and Fisheries and the minister having jurisdiction over the business activities of the relevant wood-related business entity are the competent ministers.

- (2) The order of the competent ministries in this Act is orders issued by the competent ministers.

- (3) The authority of the competent ministers set forth in this Act may be delegated in part to a chief of local administrative offices as specified by an order of the competent ministries.

(Delegation to Ministerial Order)

Article 35 Beyond what is set forth in this Act, necessary matters for the enforcement of this Act are specified by an order of the competent ministries.

Chapter VII Penal Provisions

Article 36 A person who has violated an order to suspend Registering Procedures under the provisions of Article 27 will be punished by imprisonment of not more than one year or a fine of not more than five hundred thousand yen.

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

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

paragraph.

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

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

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

Supplementary Provisions [Extract]

(Effective Date)

(1) This Act comes into effect one year from the date of promulgation.

(Transitional Measures)

(2) The provisions of Article 13, paragraph (3) do not apply, for six months after this Act comes into effect, to any person actually using the name "Registered Wood-Related Business Entity" or any name similar thereto that may cause confusion at the time this Act comes into effect.

(Reviews)

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