

III. TRENDS IN GOLD BULLION SMUGGLING

1. Seizures of Smuggled Gold Bullion

In order to cope with the smuggling of gold bullion, which has increased rapidly since 2014, Japan Customs formulated and published "Emergency Countermeasures to 'Stop Gold Smuggling'" in November 2017 with the aim of strengthening inspections, tightening penalties, and enhancing the collection and analysis of information. After the upper limits of penalties were raised in April 2018, the number of seizures and seized amount both decreased significantly.

< Seizures of Smuggled Gold Bullion >

The number of seizures of smuggled gold bullion*1 during the one-year period from January to December of 2020 was 51 cases (down by 16% from the previous year), and the amount of seized gold bullion was approx. 150 kg (down by 53% (id.)), both showing decreases.

*1 Gold bullion includes partially processed gold products, in addition to gold ingots.

Seizures of smuggled gold bullion during the past 10 years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of seizures (cases)	17	18	12	119	465	811	1,347	1,086	61	51
Seized amount (kg)	63	79	133	449	2,032	2,802	6,277	2,054	319	150

(Note) Figures for 2020 are provisional.

Out of the 51 seizures of smuggled gold bullion during the one-year period from January to December of 2020, approx. 90%, or 46 cases, were committed by air passengers or the use of air cargo.

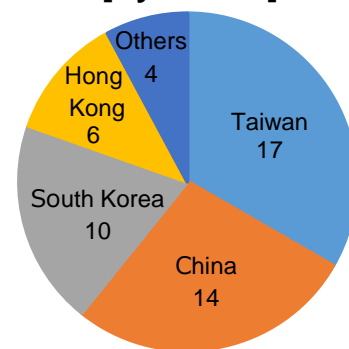
By source, 98% were smuggled from Asia.

Seizures of smuggled gold bullion (2020)

[By mode of transport]

Mode of transport	Number of seizures (cases)	Seized amount (kg)
Air passengers	21	15
Air cargo	25	132
Ship crews	5	3
Total	51	150

[By source]



< Major seizures of smuggled gold bullion >

Customs accused two South Koreans who attempted to smuggle **approx. 30 kg of gold bullion** by the use of air cargo from Hong Kong of violating the Customs Act.

(Dec. 2020; Tokyo Customs)



2. Mechanism of Gold Bullion Smuggling

Gold bullion smuggling is considered to be committed with the aim of selling gold bullion, which was smuggled without reporting and paying consumption tax, to domestic buyers and thereby gaining proceeds equivalent to the amount of consumption tax.

For example, when importing 5 kg of gold bullion at a price of 5 million yen per kg (25 million yen), it is necessary to pay 2.5 million yen (25 million yen \times 10%) as consumption tax at a customs office. However, if a smuggler evades consumption tax and a domestic buyer purchases gold bullion thus smuggled at a price including consumption tax (25 million yen), the smuggler gains the portion of consumption tax as his/her proceeds.

Such proceeds gained through gold bullion smuggling seem to be taken abroad and used for purchasing gold bullion again. Gold bullion smuggling is often committed in an organized manner.

On the other hand, smuggled gold bullion that was purchased by buyers is to be placed on a regular distribution channel, and the portion exceeding the domestic demand will be exported and traded in international gold markets.

Supposing that gold bullion smuggling is committed under this mechanism, proceeds from smuggling are likely to become a capital source of crime organizations.

Mechanism of gold bullion smuggling (example)

