

III. TRENDS IN GOLD BULLION SMUGLLING

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. However, as there have been cases where more sophisticated tactics are employed for concealing gold bullion, strict control needs to be continued.

< Seizures of Smuggled Gold Bullion >

The number of seizures of smuggled gold bullion* during the one-year period from January to December of 2023 was 218 cases (up by approx. 24 times from the previous year), and the amount of seized gold bullion also increased to approx. 268 kg (up by 99% (id.)).

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

[Seizures of smuggled gold bullion during the past 10 years]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of seizures (cases)	119	465	811	1,347	1,086	61	51	5	9	218
Seized amount (kg)	449	2,032	2,802	6,277	2,054	319	150	27	135	268

(Note) Figures for 2023 are provisional.

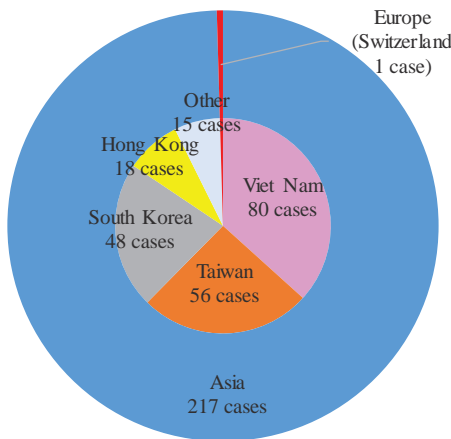
By mode of transport, out of 218 cases, smuggling by air passengers (202 cases) accounted for approx. 90%.

By source, most of the seized gold bullion was from Asia. Cases of seizure of gold bullion from Viet Nam were the largest in number at 80, accounting for approx. 40% of the total.

Seizures by mode of transport (2023)

Mode of transport	Number of seizures (cases)	Seized amount (kg)
Air passengers	202	194
International mail	6	2
Air cargo	7	26
Sea cargo	1	16
Ship crews	2	30
Total	218	268

Number of seizures by source (2023)



(Note) 1. "Air passengers" includes crew members. "Air cargo" includes unaccompanied baggage sent by air, and "sea cargo" includes unaccompanied baggage sent by sea. "Ship crews" includes passengers and cases of trafficking by sea.

2. Some figures may not be accurate due to rounding.

< Major seizures of smuggled gold bullion >

[Case 1]

Customs seized approx. 3.8 kg of gold bullion concealed in the personal effects (a transformer) of a passenger who came from Viet Nam to Fukuoka Airport. (Apr. 2023; Moji Customs)



[Case 2]

Customs seized approx. 16 kg of gold bullion concealed in sea cargo (a compressor) that arrived from Hong Kong. (Jun. 2023; Osaka Customs)



[Case 3]

Customs seized approx. 3.5 kg of gold bullion concealed in the personal effects (golf clubs) of a passenger who came from Viet Nam to Hiroshima Airport. (Nov. 2023; Kobe 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 (2.5 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)

* Calculated on the assumption of 1 kg = 5 million yen

