

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.

However, due to the rapid recovery of the number of foreign visitors to Japan and soaring gold prices, the number of seizures of smuggled gold and the seized amount are both increasing sharply. As the number of foreign visitors and the volume of imported cargo are expected to increase further, countermeasures against gold smuggling are urgently required.

In light of such circumstances, Japan Customs and the Customs and Tariff Bureau of the Ministry of Finance convened an ad hoc meeting of Directors-General of Customs Houses nationwide in November 2024, where the Director-General of the Customs and Tariff Bureau gave an instruction to further strengthen border control against gold smuggling at individual Customs.

Japan Customs and the Customs and Tariff Bureau will consider means for enabling further deepened inspections of passengers and imported cargo, such as the development of inspection equipment that is expected to be effective in detecting concealed gold bullion, and will take even stricter measures through criminal investigations from the perspective of imposing economic disadvantages on gold smuggling and thereby raising deterrent effects.

< Seizures of Smuggled Gold Bullion >

The number of seizures of smuggled gold bullion* during the one-year period from January to December of 2024 was 493 cases (up by approx. 2.3 times from the previous year), and the amount of seized gold bullion also increased to approx. 1,218 kg (up by approx. 4 times (id.)).

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of seizures (cases)	465	811	1,347	1,086	61	51	5	9	219	493
Seized amount (kg)	2,032	2,802	6,277	2,054	319	150	27	135	302	1,218

(Note) Figures for 2024 are provisional.

By mode of transport, out of 493 cases of seizures in 2024, smuggling by air passengers (429 cases) accounted for approx. 90%, and out of the total seized amount of approx. 1,218 kg, the amount seized from air cargo (approx. 656 kg) accounted for around 50%.

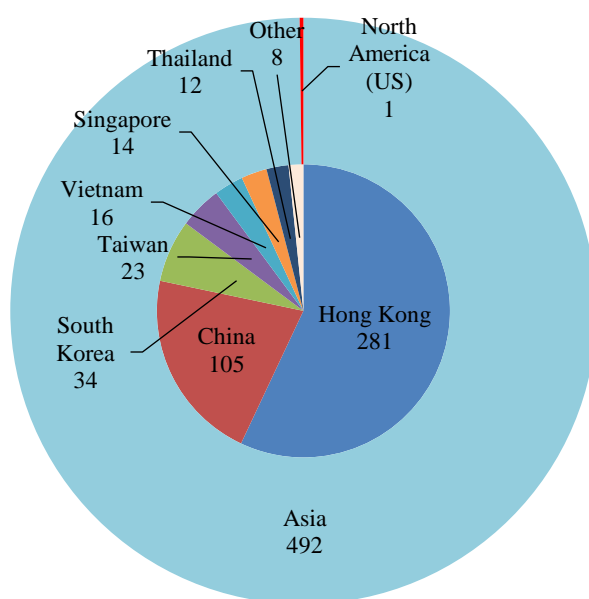
By source, most of the seized gold bullion was from Asia. Cases of seizure of gold bullion from Hong Kong were the largest in number at 281, accounting for approx. 60% of the total.

Seizures by mode of transport (2024)

Mode of transport	Number of seizures (cases)	Seized amount (kg)
Air passengers	429	480
International mail	15	9
Air cargo	28	656
Sea cargo	—	—
Ship crews	21	73
Total	493	1,218

(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.

Number of seizures by source (2024)



< Major seizures of smuggled gold bullion >

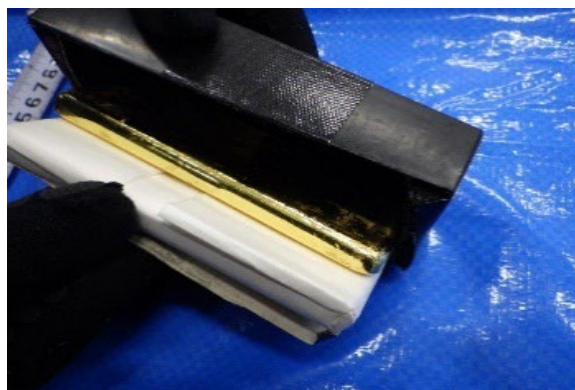
[Case 1]

Customs seized **approx. 40 kg of gold bullion** that was traded on the sea off Ehime Prefecture at a floating pier in Imabari City, Ehime Prefecture. (Nov. 2024; Moji Customs)



[Case 2]

Customs seized **approx. 160 kg of gold bullion** concealed in air cargo (a plastic pallet) that arrived from Hong Kong. (Jan. 2024; Osaka 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 14 million yen per kg (70 million yen), it is necessary to pay 7 million yen ($70 \text{ million yen} \times 10\%$) 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 (7 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.

