

# Importance of Export Control & Japan's Export Control

January 2014

Ministry of Economy, Trade and Industry

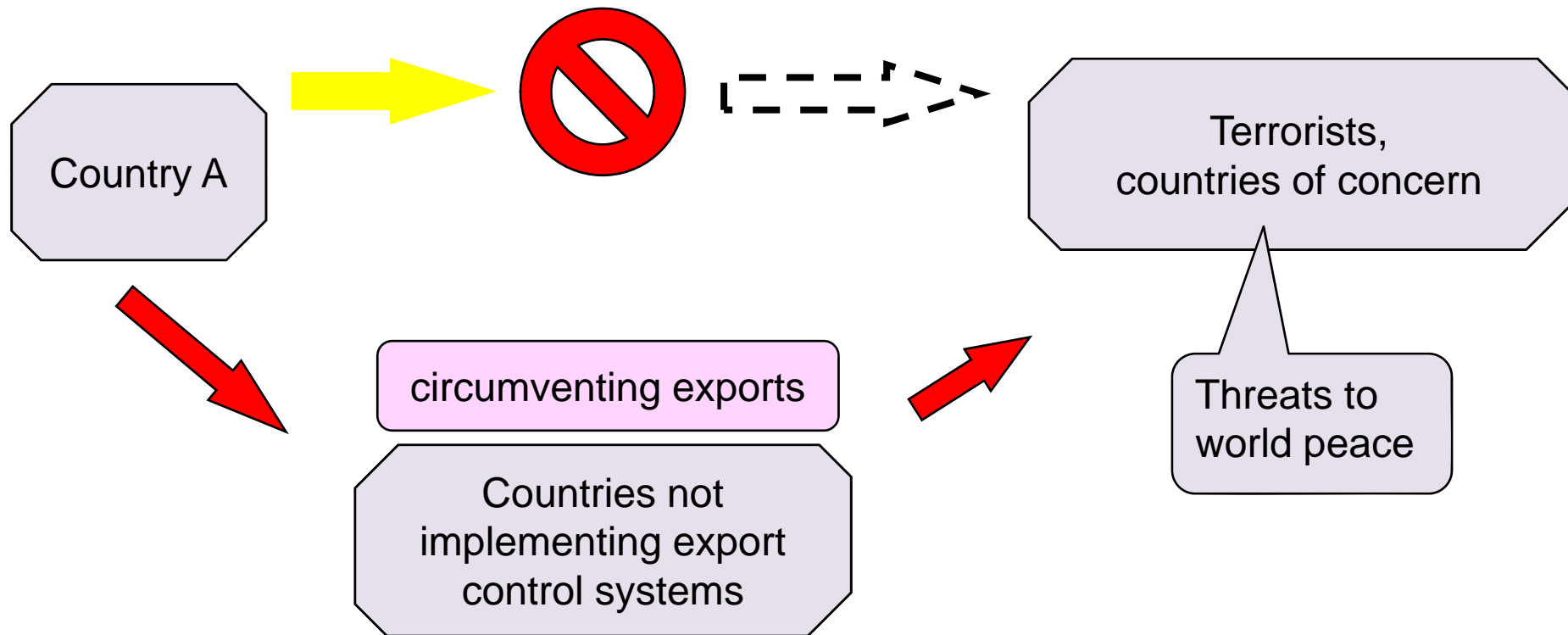
- 1. Importance of Export Control**
- 2. International Export Control Regimes**
- 3. Japan's Export Control**

# **1. Importance of Export Control**

- Sarin gas attack on the Tokyo subway (March 1995)
- 9/11 attacks (September 2001)
- Bali bombings (October 2002, October 2005)
- Madrid train bombings (March 2004)
- London bombings (July 2005)
- 2008 Mumbai attacks (November 2008)
- Moscow bombings (February 2010, January 2011)

- A.Q. Khan Network (2004)
- North Korean missile tests (July 2006, April and July 2009)
- North Korean announcement on nuclear tests  
(October 2006, May 2009, February 2013)
- Iranian issues
- Syrian development of chemical weapons

Terrorists or countries of concern can procure items through countries that do not implement export control systems.



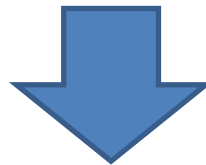
United Nations awaken international tackling with WMDs and also adapted some resolutions

## UNSCR 1540

- ◆ Proliferation of WMD and their means of delivery poses a threat to international peace and security
- ◆ Attempts to prevent WMD and related materials from falling into the hands of **non-state actors** that are of concern with regard to proliferation
- ◆ All States are to establish relevant domestic controls

## Why countries introduce export control?

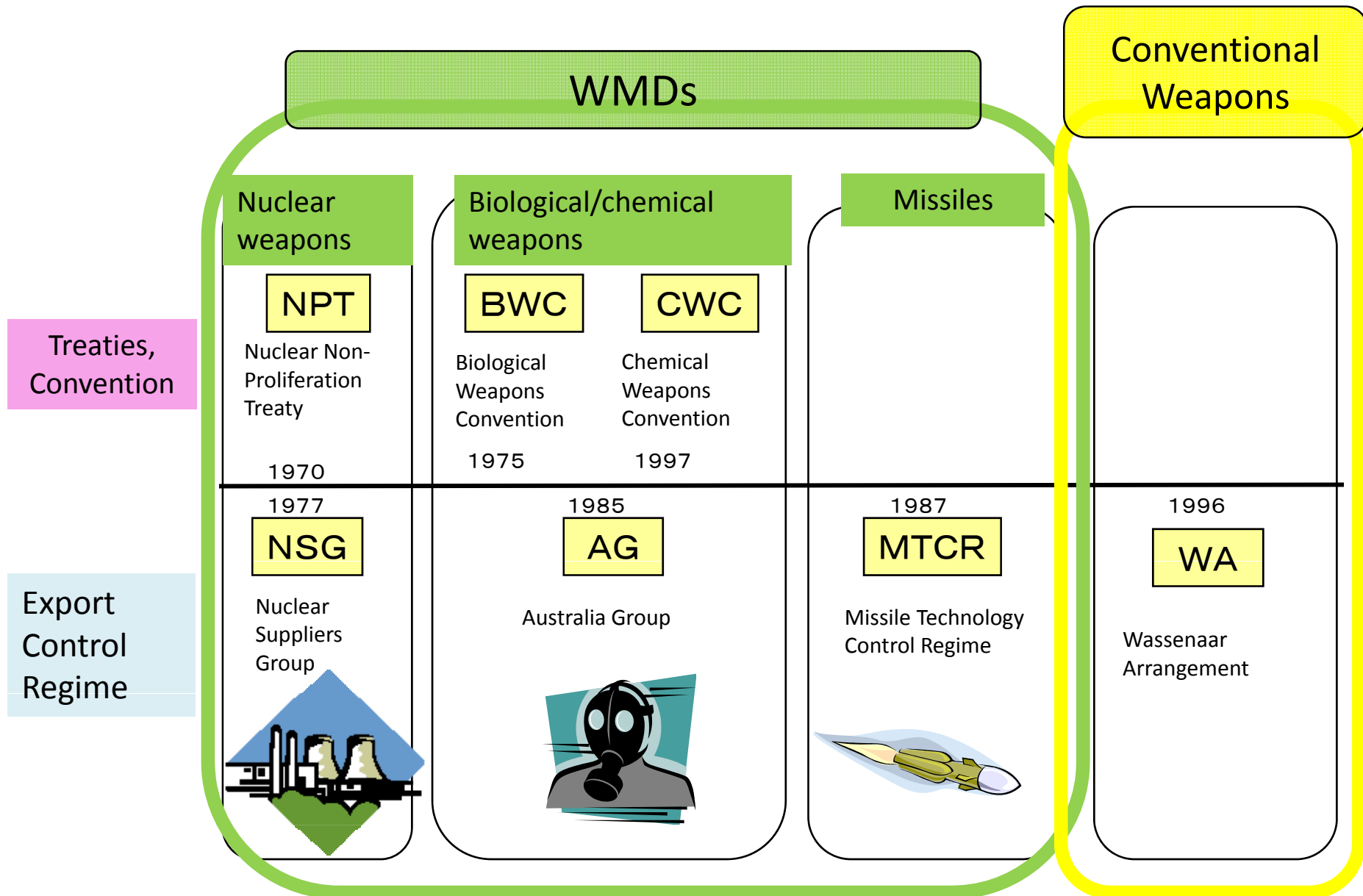
- Keep international peace and regional stability
- More trade & foreign direct investment







Effective export control can contribute to prosperity of the nation's economy



## **2. International Export Control Regimes**



Some exporting goods can be used for military purposes and are called “dual use” items.

		<b>Military Use</b>	<b>Civilian Use</b>
<b>Titanium alloy</b>		<b>Gas centrifuge for uranium enrichment</b>	<b>Watches, eyeglass frames</b>
<b>Carbon fiber</b>		<b>Missile components</b>	<b>Golf club shafts, fishing rods</b>
<b>Tri-ethanolamine</b>		<b>Chemical weapons</b>	<b>Shampoo</b>
<b>Freeze-drying equipment</b>		<b>Biological weapons</b>	<b>Instant coffee</b>

## **3. Japan's Export Control**

## (1) Law

### Foreign Exchange and Foreign Trade Act

- Basic framework

## (2) Cabinet Orders

### Export Control Order

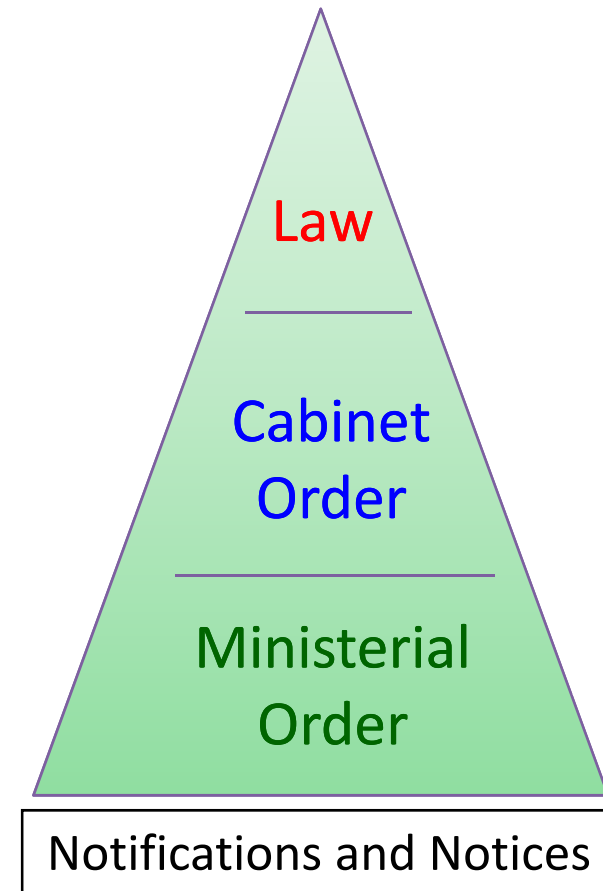
- List of goods

### Foreign Exchange Order

- List of technologies

## (3) Ministerial Orders

- Details (specifications and interpretations of listed items)



# Legislation and Regulations

Foreign Exchange and Foreign Trade Act	Cabinet Order	List Control	Catch-all control of WMD	Catch-all control of Conventional Weapons
Art. 48	Export Control Order	Item 1-15 <b>List of Goods</b>	Item 16	
Art. 25	Foreign Exchange Order	Item 1-15 <b>List of Technologies</b>	Item 16	
		<u>Regulated Items</u> •weapons •listed dual use items related to WMD and conventional weapons	<u>Regulated Items</u> All items or technologies that could contribute to WMD related or military end-use activities	
		<u>Regulated Destination</u> All countries	<u>Regulated Destination</u> All countries except for White countries	

White Countries :

27 countries which have strict export control systems (Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Czech republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, South Korea, Luxemburg, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, UK, USA)

UN arms embargo countries:

Afghanistan, Democratic Republic of Congo, Eritrea, Cote d'Ivoire, Iraq, Lebanon, Liberia, North Korea, Sierra Leone, Somalia, Sudan

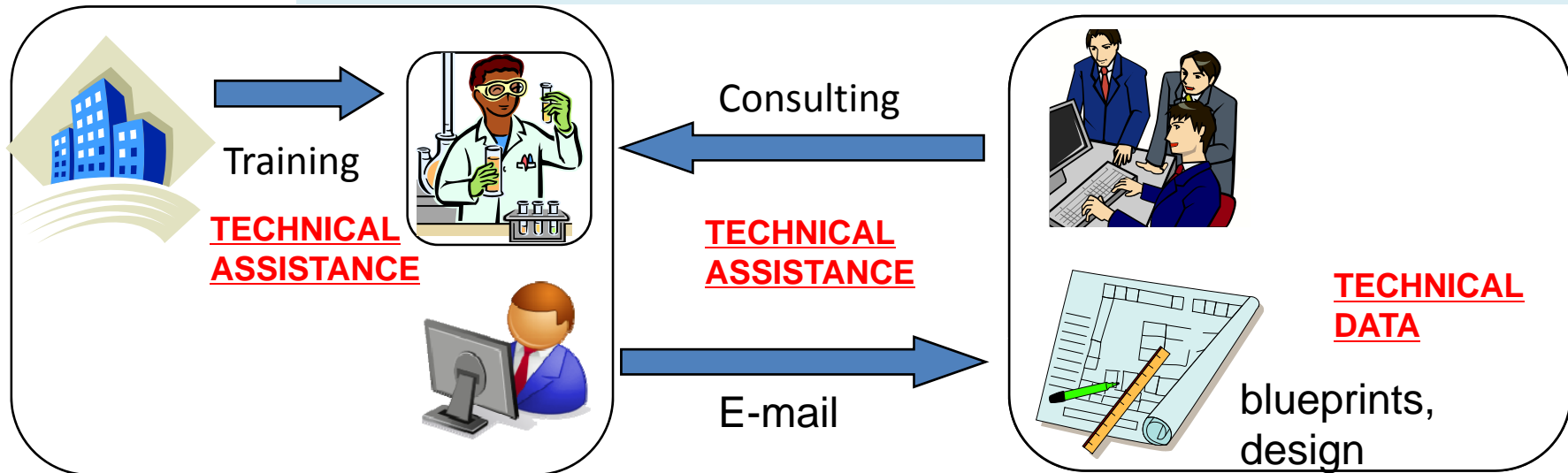
The information takes form of technical data or technical assistance

## Technical Data

- blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions
- written or recorded on other media or devices (disks etc.)
- Including software

## Technical Assistance

- Providing instruction, training, working knowledge, consulting service
- Including transfer of 'technical data'



## *“Technology”*

specific technologies for the “development”, “production” or “use” of listed products

### Development

➤ related to all stages prior to serial production

design, design research, design analyses, design concepts, assembly and testing of prototypes, pilot production schemes, design data, process of transforming design data into a product, configuration design, integration design, layouts

### production

➤ all production stages

product engineering, manufacture, integration, assembly (mounting), inspection, testing, quality assurance

### use

Operation, installation (including on-site installation), maintenance (checking), repair, overhaul and refurbishing



## List Control

- Exporters should obtain a license when they export the listed items.

## Catch-all Control

- Exporters should obtain a license when they are aware;
  - the item may contribute to WMD-related or military end-use activities
  - the end-user is/was involved in WMD-related program

or

- METI informs exporters that the exporting items may be intended for the use of WMD-related or military activities

An export license from METI is required for the export of listed items

- A wide range of items are listed based on international export control regimes.
- Items and their control conditions are specified in cabinet orders and ministerial orders.
- Exporters must determine whether their exporting items are the one specified in cabinet/ministerial orders.
- An export license is required even if items are exported for own company/factory in foreign country.

# Correlation between Japan's Export Control and Export Control Regime

## Japan's Export Control

## Export Control Regimes

Section No	Category	Export Control Regime	Items
1	Weapons	WA	Items in WA Munitions List
2	Nuclear	NSG	Nuclear related Items
3	Chemical Weapons	AG	Chemical weapon related Items
3/2	Biological Weapons		Biological weapon related Items
4	Missiles	MTCR	Missile related Items
5	Special Materials	WA	Category 1 Special Materials and Related Equipment
6	Materials Processing		Category 2 Materials Processing
7	Electronics		Category 3 Electronics
8	Computers		Category 4 Computers
9	Telecommunications		Category 5 Telecommunications & information Security
10	Sensors		Category 6 Sensors and Lasers
11	Navigation		Category 7 Navigation and Avionics
12	Marine		Category 8 Marine
13	Propulsion		Category 9 Aerospace and Propulsion
14	Others		Munition Items other than Section No1
15	Very Sensitive Items		VSL Items in WA's control list
16	Non-Listed Items		Catch-all control Items

# Correlation between Japan's Export Control and Export Control Regime

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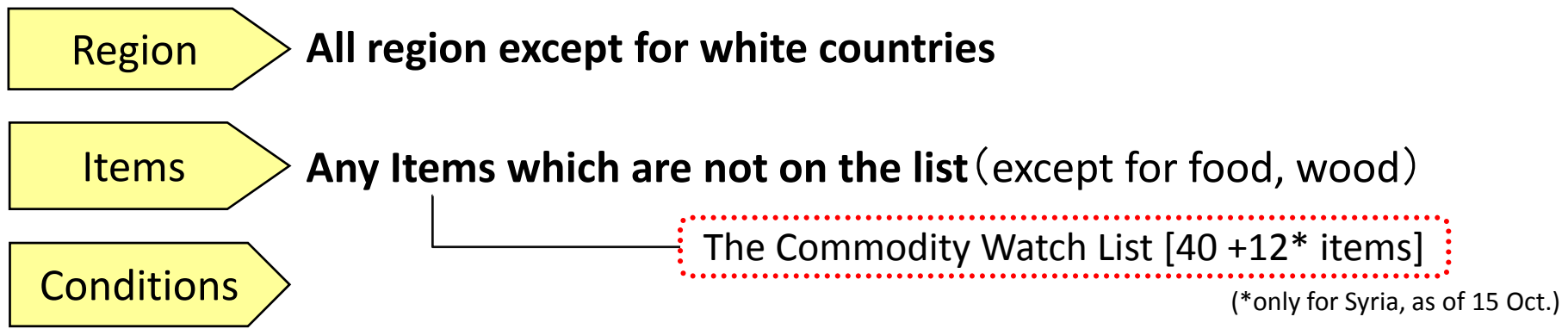
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List control

Catch-all control

In case there are concerns that the item or technology in question could contribute to WMD proliferation program, exporters have to apply for export license.



## (1) Exporter's Initiative = The "Know" Condition

- In case exporters have come to know that the items will be used for the development, manufacture, use, storage etc of WMD
- In case exporters have come to know that the end user is/was involved in WMD-related program through relevant documents such as Foreign End User List, except for the case the item in question will be apparently used for a purpose other than the WMD-related activities

## (2) METI's Initiative = The "Informed" Condition

- The "inform" is given when METI considers that the items in question are/may be intended for the use of WMD-related activities.

In case there are concerns that the item or technology in question could contribute to military end-use, exporters have to apply for an export license.

As of 15 Oct. 2013

Region	<b>Countries under UN arms embargo</b>	<b>Non-white Countries except for UN Arms embargo countries</b>
Items	<b>Any Items which are not on the list</b> (except for food, wood) <div style="border: 2px dotted red; padding: 5px; display: inline-block; margin-left: 100px;">The Commodity Watch List [34 items]</div>	
Conditions	<p><b>(1) <u>Exporter's Initiative</u></b>  <b>= The "Know" Condition</b>                  In case exporters have come to know that the items will be used for the development, manufacture or use of conventional arms <b>in UN embargo countries</b></p>	

**(2) METI's Initiative = The "Informed" Condition**

- The "inform" is given when METI considers that the items in question are/may be intended for a military end-use.

## Foreign End-user List (extraction)

No.	国名、地域名 Country or Region	企業名、組織名 Company or Organization	別名 Also Known As	懸念区分 Type of WMD
1	アフガニスタン Islamic Republic of Afghanistan	Al Qaeda/Islamic Army	<ul style="list-style-type: none"> <li>• The Base</li> <li>• Al Qaeda</li> <li>• Islamic Salvation Foundation</li> <li>• The Group for the Preservation of the Holy Sites</li> <li>• The Islamic Army for the Liberation of Holy Places</li> <li>• The World Islamic Front for Jihad against Jews and Crusaders</li> <li>• Usama Bin Laden Network</li> <li>• Usama Bin Laden Organisation</li> </ul>	化学 C
2	アフガニスタン Islamic Republic of Afghanistan	Safa Nicu	<ul style="list-style-type: none"> <li>• Safa Nicu Sepahan</li> <li>• Safanoo Company</li> <li>• Safa Nicu Afghanistan Company</li> <li>• Safa Al-Noor Company</li> <li>• Safa Nicu Ltd Company</li> </ul>	核 N
450	パキスタン Islamic Republic of Pakistan	Unique Technical Promoters		核 N
451	パキスタン Islamic Republic of Pakistan	Victor Star (Pvt) Ltd.		化学、核 C,N
452	香港 Hong Kong	Leader (Hong Kong) International	<ul style="list-style-type: none"> <li>• Leader (Hong Kong) International Trading Limited</li> <li>• Leader International Trading Limited</li> </ul>	生物、化学、ミサイル、核 B,C,M,N

Country	Number
India	1 0
Afghanistan	3
Iran	2 4 7
Pakistan	3 3
North Korea	1 2 0
China	1 7
Israel	2
Syria	1 3
Taiwan	2
U A E	4
Hong Kong	1
Total	4 5 2

Thank you