

Export Control & Economic Development

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1. Japan's Export Control and Lessons from Past

■ **1949** The Foreign Exchange and Foreign Trade Control Act was enacted

■ **1952** Japan acceded to COCOM

(Coordinating Committee for Multilateral Export Controls)



Implementation of export control based on the Act



■ **1987** Export of machine tools from Japan to the Soviet Union

Strong anti-Japan feeling in the US

Loss of Japan's credibility

Replacement of the executives of the exporting firm
Shareholder lawsuit

1945

End of World War II

1960-70s

Rapid Economic Growth

1980s

Huge Trade Surplus



(1987 Mainichi Shimbun, Evening paper)

2. Strengthening Japan's Export Control Systems

After the incident, strict export control was introduced and implemented by the Government and industries

Government

- ✓ Strengthened export control organization
- ✓ Strengthened penalties
- ✓ Extended the prosecution prescription for illegal export
- ✓ Introduced Internal Compliance Program (ICP)

Industries

- ✓ Introduced and implemented strict export control ICP
- ✓ Implemented independent measures
(ex. Relocation Detection Devices)



**Restoration
of credibility**

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3. Newly Evolved Challenges

**Destabilizing international security
by activities of countries of concern and terrorist groups.**

**Increase of risks among Asian countries and region to become a site
of production and transshipment of WMDs activities**



Necessity of **cooperation
among countries and region**

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(1) Adverse effect on economy by export control is a misconception

- ✓ Adverse effect on international security without the rigorous export control
- ✓ Loss of international credibility with a single incident
- ✓ Gain credibility by implementing rigorous export control which promotes foreign direct investments and lead to economic development

(2) Efforts from both Government and industry are necessary

- ✓ Essential to institute an effective national export control system
- ✓ Important to collaborative implementation of the Government and industry
- ✓ Voluntary actions by the industry are desired

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(3) Appropriate Implementation of Export Control system is real challenging issue

- ✓ Having the system is not enough, but actual implementation is necessary. Lack of effective implementation is equivalent to lack of the system.
- ✓ Human resource development is a key for implementation of export control (e.g. raising experts through effective trainings)

(4) International cooperation is necessary to combat newly evolved concerns

- ✓ Important to actively conduct information exchange and outreach activities.

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