

International Efforts in Developing Export Control and Future Challenges

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International Efforts in Developing Export Control

- In the last 25 years, international society has addressed toward the non-proliferation of WMDs (including delivery systems) and conventional arms to non-state actors through the activities of UN and international export control regimes.
- Progress has been made in Asian region by establishing export control systems and strengthening enforcement activities.
- However, despite efforts made by international society, DPRK has escalated WMDs development activities and transferred their technology to third countries.
- International society needs to accelerate their efforts in establishing effective export control systems and to fully implement respective UN resolutions.

1991 UN & IAEA discovered Iraq's covert WMD related activities.

1998 DPRK launched long-range ballistic missile "Taepodong" over Japanese territory.

2001 Series of coordinated terrorist attacks occurred in the US (September 11).

2002-4 International export control regimes strengthened catch-all control.

2004 UNSCR 1540 was adopted in order to prevent the proliferation of WMD related items by establishing effective export control systems including catch-all control.

2006- DPRK conducted nuclear test and launched long-range ballistic missile.

2011- Non-state actors are expanding their presence, causing serious terrorism in many parts of the world. Chemical weapon (mustard gas, chlorine gas) was used in Syria.

2016-17 DPRK conducted 3 nuclear tests and launched more than 40 ballistic missiles. DPRK's ICBMs could target even North America, Europe and South East Asia.

- Countries and entities of concern such as DPRK have advanced and diversified procurement activities through circumventing trade, intangible technology transfer (ITT), espionage, etc.
- All UN member countries need to strictly control their exports and technology transfer in order to stop DPRK's WMDs activities.

➤ **Export (Circumventing Trade)**

- DPRK acquired machine tools from abroad including western country and advanced the ability to produce its own missile components. Although it is uncertain how these machine tools were acquired, it is highly likely to be exported by circumventing trade and using third country and/or front company.

➤ **ITT (Academic Activity)**

- DPRK scientist studied in foreign university and conducted joint research with foreign engineer who is involved in space program. He returned to DPRK, however, since his research can be used to stabilize space craft, it is highly likely subject to fields prohibited by UN sanctions.

➤ **Espionage**

- Ukraine authority arrested DPRK spy who photographed a secret scientific report on missile technology. Ukraine also expelled another spy who was seeking to export missile components to DPRK.

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Risk of Absence of Effective Export Control

- Regional destabilization
 - Advance of WMDs development activities by countries of concern (Most parts of Asia are within the range of DPRK's long range ballistic missiles.)
 - Expansion of terrorism activities by transferring components of arms and IED (improvised explosive device), etc.
- Economical loss
 - Transfer critical technology to countries of concern by being a target for circumventing trade, spies, etc.
 - Loss of intellectual property
- Reputation risk
 - Unintentional involvement to regional conflict, proliferation of WMDs and terrorism
 - Loss of national credibility which may harm inward direct investment of advanced technology

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1. Amendment of the FEFTA (October, 2017)

(1) Strengthening punishments

- Maximum fine for the company illegally exporting WMD related goods was significantly increased from 10 million JPY to 1 billion JPY.

(2) Strengthening administrative penalty such as trade ban

- Maximum penalty duration for the company illegally exporting to DPRK was extended from 1 year to 3 years.

(3) Reinforcing investment screening regime

- Sectoral coverage was expanded.
- Post-investment monitoring scheme was introduced.

2. Supplementary Resolution adopted by Japanese Diet

- Strengthen ITT controls
- Enhance awareness of SME
- Strengthen international cooperation

Way forward

- All countries need to strengthen their export control systems
 - Establish proper export control systems and conduct effective enforcement
 - Special attention should be paid for intangible technology transfer
- Information exchange with Asian partners should be enhanced
 - Exchange information on export control practice, sensitivity of critical technology, concerned procurement activities, etc.
- International cooperation need to be reinforced
 - Coordinated action for specific procurement activities, capacity building for licensing and enforcement officer, etc.
- All countries need to reinforce outreach to industry and academia
 - Industry and academia should play a key role for finding suspicious transaction