

Addressing ITT Control

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- 2. Previous and Current Efforts in Addressing ITT Challenges**

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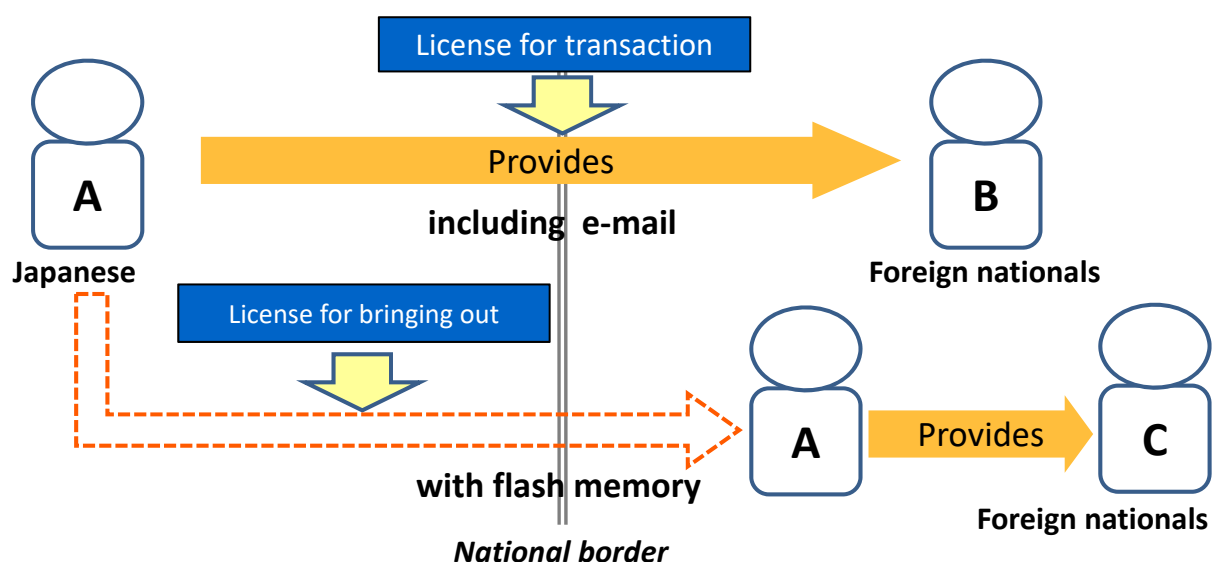
1. **Overview of ITT Control under FEFTA and Background of Rising Importance of ITT Control in Academia**
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ITT Control under FEFTA in Japan

- Intangible Technology Transfer (ITT) is regulated under the Foreign Exchange and Foreign Trade Act (FEFTA).
- “Regulated Technology ” is defined as “specific information necessary for the design, production or use of regulated products”. The information takes form of technical data or technical assistance.

Case 1. Technology transfer from Japan to a foreign country

- focus on location of the recipient

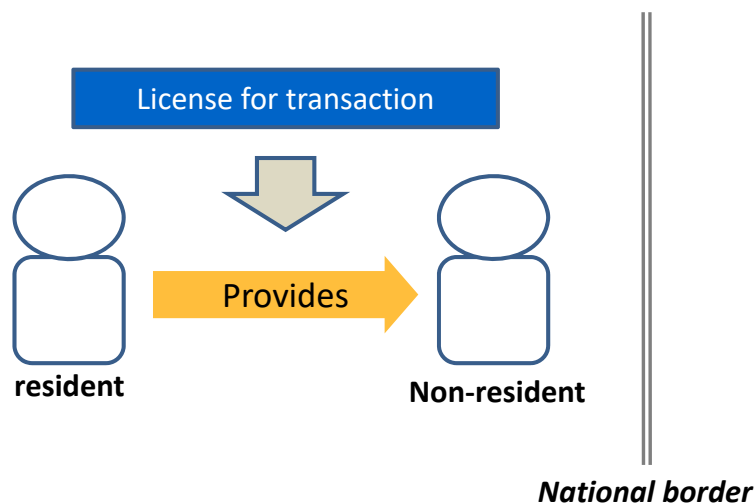


ITT Control under FEFTA in Japan

- Technology transfer to non-resident inside Japan (deemed Export) is also regulated under the FEFTA.

Case 2. Technology transfer to a non-resident

- transfer of listed technology by any resident to a non-resident
- focus on whether the recipient is non-resident or not

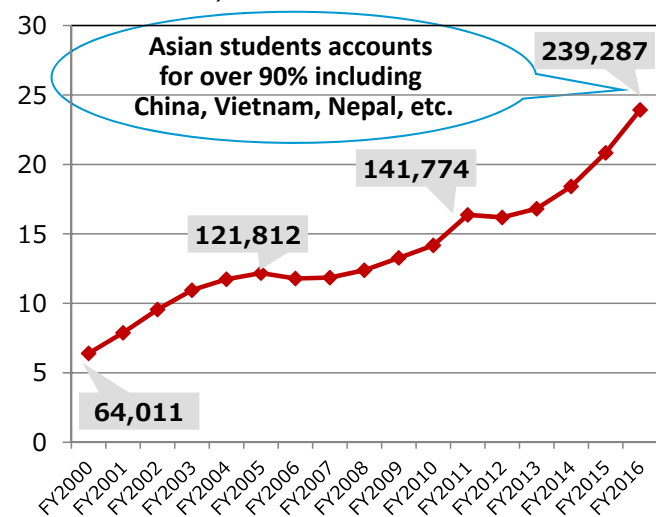


Background of Importance of ITT Control in Academia

- Japanese universities are recently more and more internationalized.
- Along with this, it is required to seriously consider how to manage technology leakage through “exchange of people”.

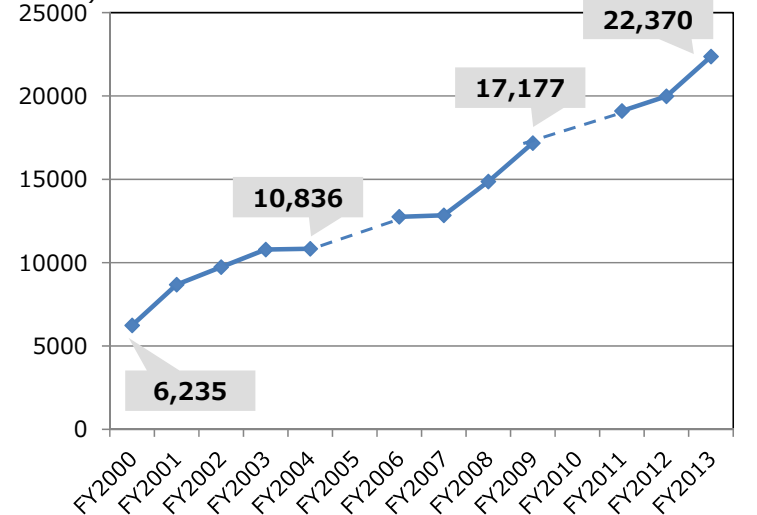
International Students in Japan

(In Ten Thousands)



Research Collaboration Agreements between Japanese Academia and Foreign Academic Institutions

(Cases)



(Source) “Annual Survey of International Students in Japan 2016” by Japan Student Services Organization.

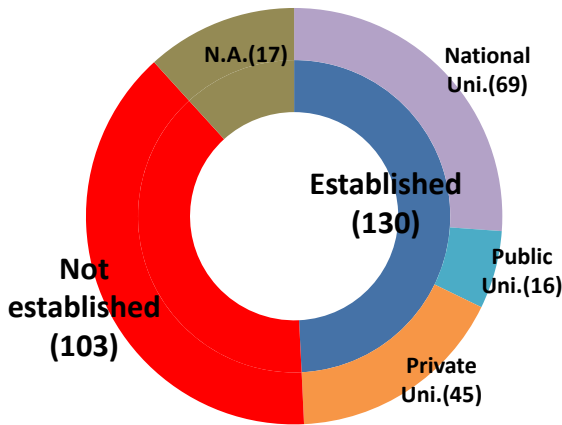
“Academic Exchange Agreement “ Survey results with respect to agreements with foreign universities : Ministry of Education, Culture, Sports, Science and Technology, Japan (Note: Survey not implemented in 2005 & 2010)

Academia's Efforts of Self-Regulation

- Currently, about 49% of universities have established export control organization and 35% have established internal compliance program for export control.

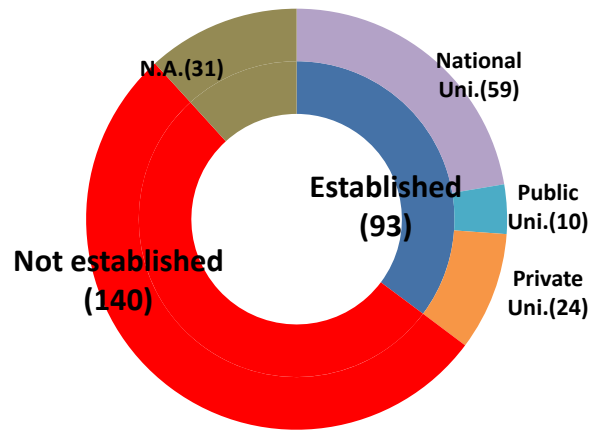
Survey to national university, public and private university which have medical and/or engineering dept. (264 universities)

1. Establishment of export control division



	Established
Total	49%
National Univ.	88%
Public and private Univ.	33%

2. Establishment of ICP for export control



	Established
Total	35%
National Univ.	76%
Public and private Univ.	18%

(Ref) Survey by METI (November 2016)

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Key Features of Export Control in Academia

- There are some different futures between academia and industry.
- These futures make academia more difficult to manage export control, including proper management of ITT.

Academia

- ◆ Technologies > Goods
- ◆ One-time exports of a wide variety of items
- ◆ A large number of foreign students & researchers
- ◆ Academic freedom
- ◆ Highly independent laboratories

Industry

- ◆ Goods > Technologies
- ◆ Repetitive exports of a limited set of items
- ◆ A limited number of foreign national employees
- ◆ Business interests
- ◆ Top-down management

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Previous Efforts in Outreach for Academia

1. Seminar

- METI holds around 100 export control seminars annually across the nation and there are around 10,000 participants every year.
- There are several types of seminars – for all industries, for specific industries, for customs brokers, and for academia.

2. Outreach to Academia

- In addition to the above-mentioned seminars, the following outreach is conducted for academia
 - METI published the Guidance for academia in 2008 and revised in 2010.
 - METI collaborates with relevant ministries and academia, such as participation in Export Control Day for Academia which is symposium annually held with over 200 participants including academia, industry and government.

Current Efforts in Addressing ITT Challenges

- Organizational Change to Strengthen ITT Control
- Amendment of FEFTA
- Outreach Activities for the Universities

Organizational Change to Strengthen ITT Control

- METI is in charge of security export control with about 100 staff including experts from relevant ministries and agencies.
- The headquarter of METI control and examine trade of sensitive items while twelve local branches deal with less sensitive items.
- METI changed the organization of security export control and Security Export Control Administration Division was established in June 2016 in order to strengthen outreach for academia and collaboration with enforcement authorities.

METI, Trade and Economic Cooperation Bureau



12 Local Branches for Licensing and Inspection

Sapporo, Sendai, Saitama, Tokyo, Yokohama, Nagoya, Osaka, Kobe, Hiroshima, Takamatsu, Fukuoka and Okinawa

Amendment of FEFTA (to Make Stricter Penalties against Illegal Transfer)

➤ In order to deter or discourage illegal trade or transfer, the Amendment of FEFTA was enforced and the maximum criminal penalties were significantly increased from Oct 1, 2017.

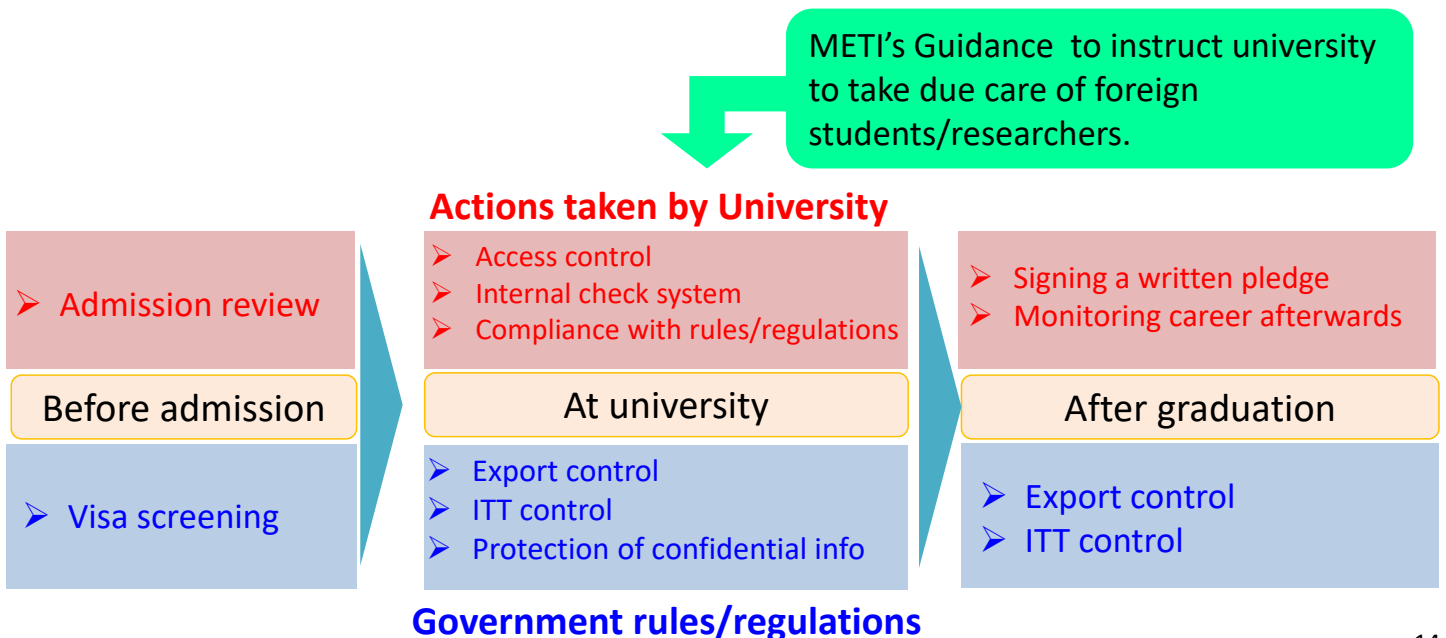
	target	illegal conduct of import/export		
		WMD	Conventional Arms	others
Past System	Individual and Corporation	10 million yen or 5 times of the value	7 million yen or 5 times of the value	5 million yen or 5 times of the value

Amendment from Oct 1, 2017	Individual	30 million yen or 5 times of the value	20 million yen or 5 times of the value	10 million yen or 5 times of the value
	Corporation	1 billion yen or 5 times of the value	700 million yen or 5 times of the value	500 million yen or 5 times of the value

Outreach Activities for the Universities① (Roles of Government and Academia)

➤ As dual-use technology has been widely used and developed, it is required for universities obtaining critical technology to implement security export control.

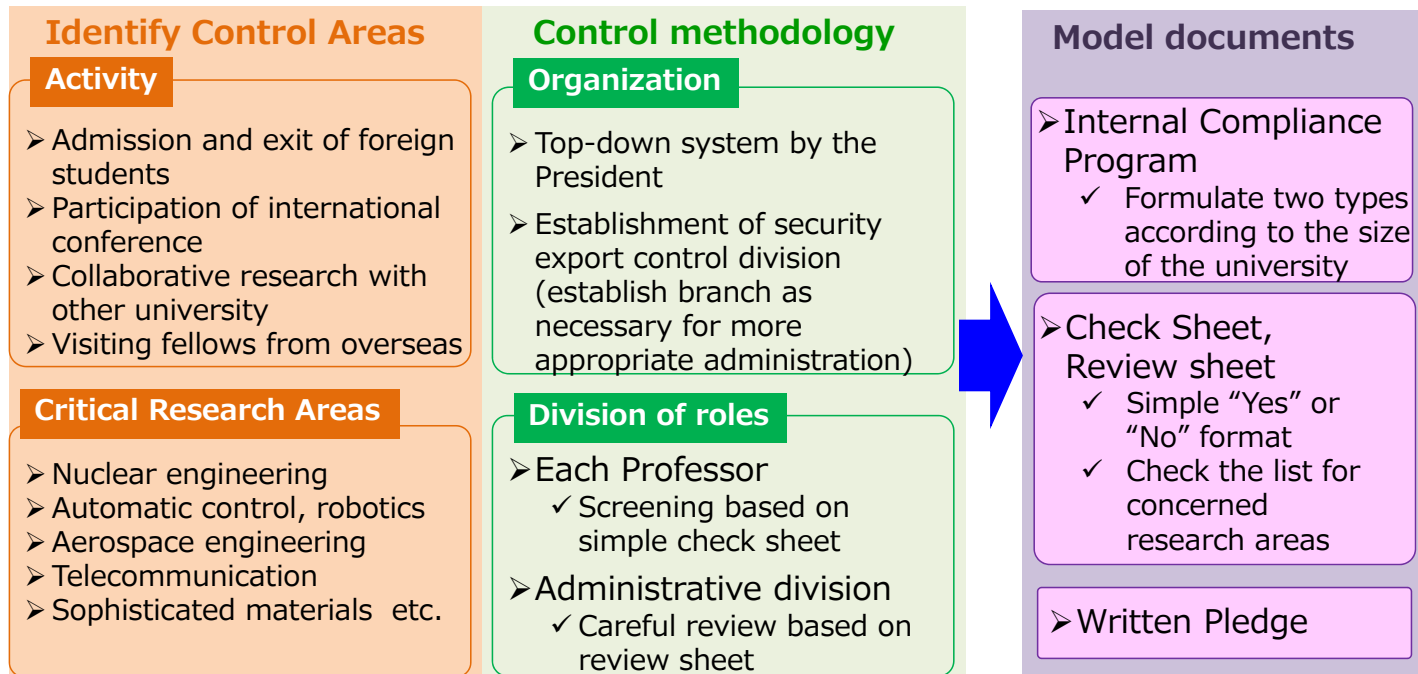
➤ Control in each process of study, i.e. from admission to graduation, is getting more and more important. Both government and university should take respective roles in each process.



Outreach Activities for the Universities② (Revision of the Guidance)

- In response to recent change in the security environment and the growing importance of ITT control, METI revised “Guidance of Critical Technology Control for Universities”, in October 2017, which aimed at raising awareness of universities and strengthening self-regulation concerning security export control.
- Unique approach is needed for university because of its different missions and organizational structure from those of private enterprises.

Key Elements of the Guidance



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Outreach Activities for the Universities③ (Advisor Program and On-Site Consultation)

- In 2017, METI has started a new program to dispatch 20 expert advisers to universities. The advisers assist universities to properly implement export control management in accordance with the Guidance.
- Along with this program, METI individually visits and consults with executives and responsible persons of universities in order to increase awareness of export control.

Advisor program

Advisers: Experts on security export control who have plenty of practical experience in university.

Main Object: Universities dealing with controlled item and/or technology (mainly national university, public and private university which have engineering or medical department), but every university can apply.

Program Overview: Advisers assist universities to set up internal organization and rules for export control in accordance with the Guidance, and also give practical advice, such as check points on transaction procedures and admission review on foreign students.

On-Site Consultation by METI

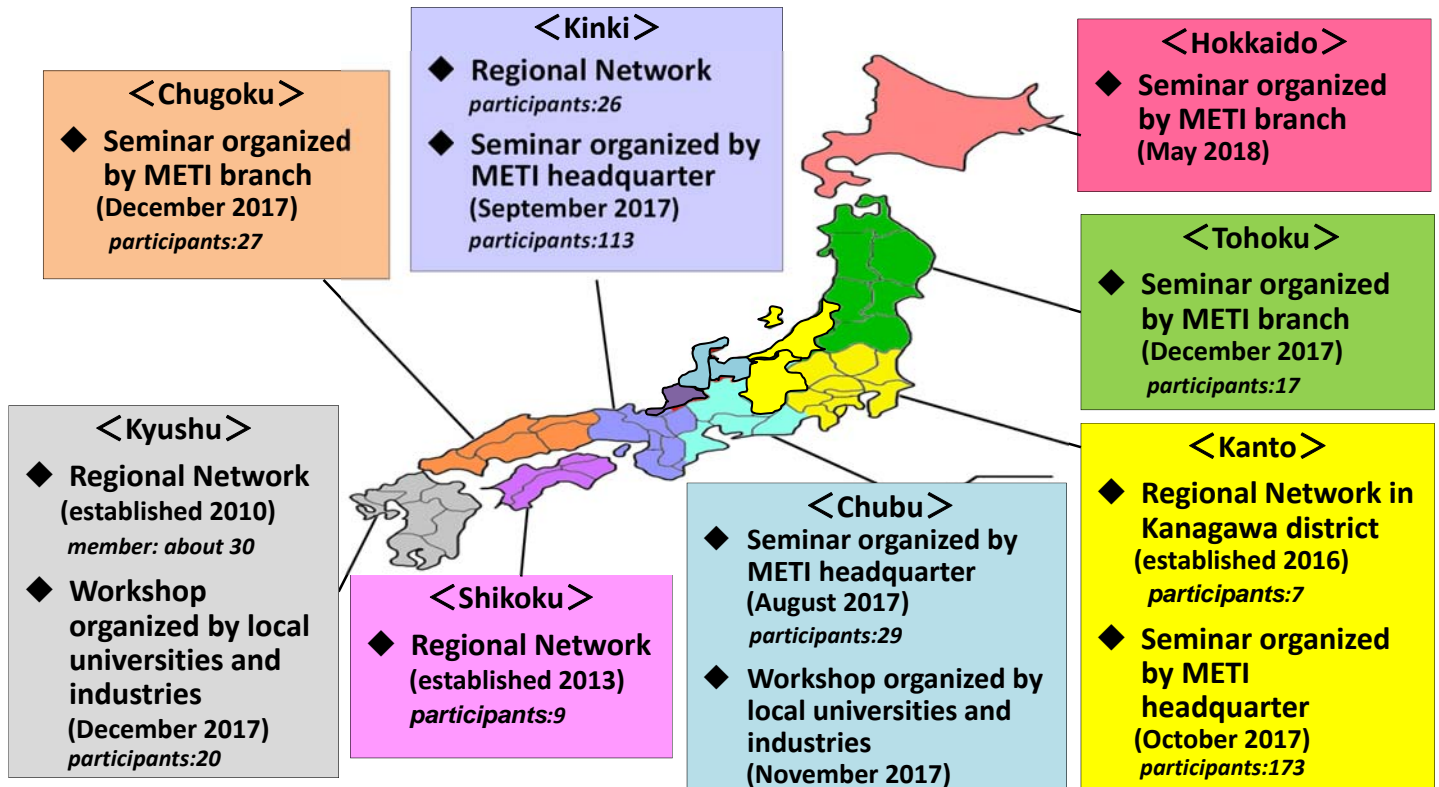
METI individually visits executives and responsible person of universities with explaining importance of export control and, if necessary, recommending the use of the program.

- ✓ 66 universities participate in this program, and the advisers receive consultation over 147 times (as of 6 Feb 2018).
- ✓ METI has visited over 40 universities since July 2016.

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Outreach Activities for the Universities④ (Regional Network and Seminar)

- METI encourages universities to establish a regional network where administration staffs can share information and best practice, through holding seminars organized by METI.
- By collaborating with existing networks, METI makes a presentation and participates in discussions in a workshop held by these networks.



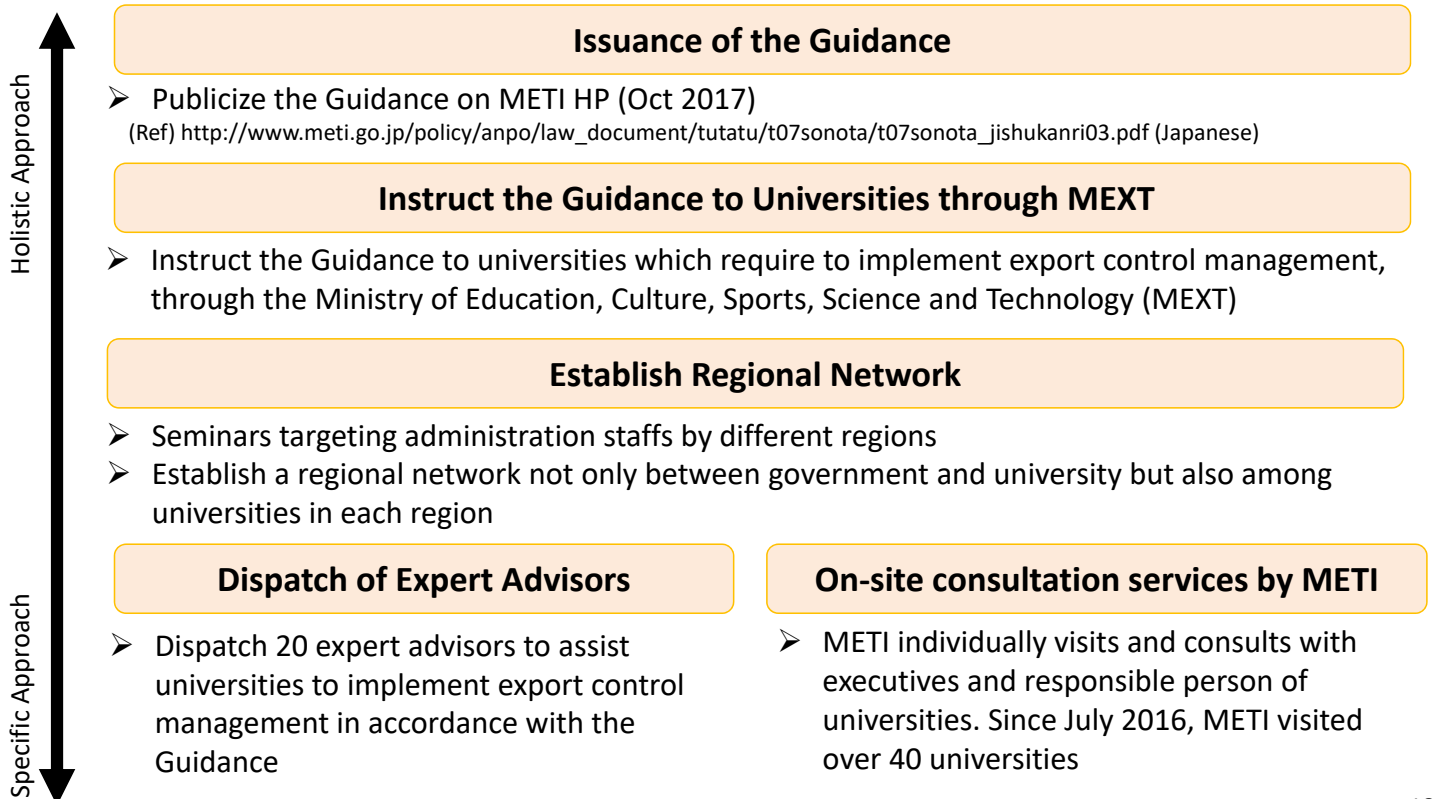
※"participants" are the number of participated universities. In some universities, multiple people were participated.

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Outreach Activities for the Universities⑤ (METI's approach)



- Conduct outreach activities for various layers.
- Disseminate the Guidance and share the best practice.



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- Although over 1400 companies registered their internal compliance programs with METI, large number of SMEs do not have sufficient self-export control management system.
 - Therefore, METI has strengthened support for SMEs by using a new channel, in addition to holding existing seminars.
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- ✓ METI has started cooperation with JETRO and SME Support, and holds workshops for experts who advise SMEs for their oversea business expansion in these organizations.
 - ✓ By lecturing importance of export control and overview of relevant laws and regulations, these experts are able to advise SMEs on export control as well as oversea business activities.
 - ✓ METI also makes a presentation at seminars organized by JETRO and other organizations in various regions.