

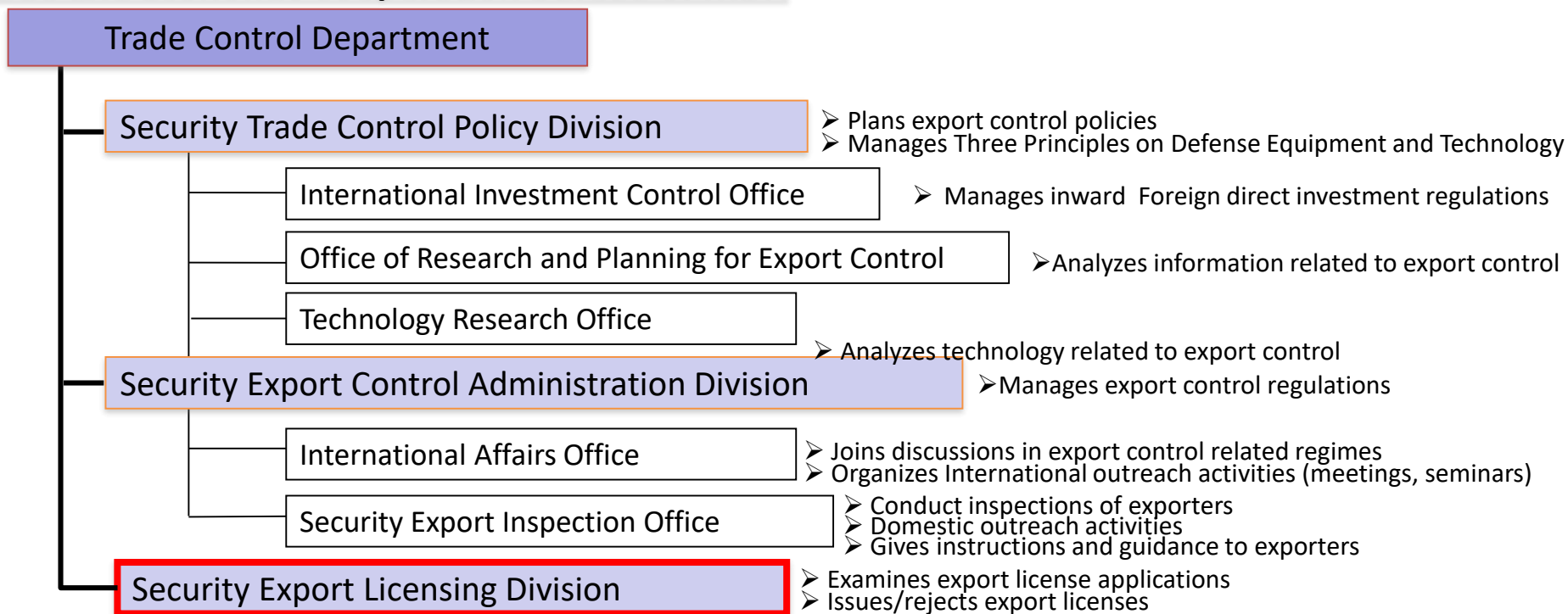
Japan's Security Export Licensing Practice

February 12 2020
Security Export Licensing Division
Ministry of Economy, Trade and Industry

Organization for Security Export Control in METI

- METI is responsible for export control with about 120 (HQ) and 50 (Local Branches) staffs regarding the security field.
- METI is the sole authority under Foreign Exchange and Foreign Trade Act to issue export license.
- Security export licensing division examines application of sensitive items while twelve local branches deal with less sensitive items. Expertise to examine various items are secured through multiple means.

Trade and Economic Cooperation Bureau of METI



12 Local Branches for Licensing and Inspection

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

1. International Efforts for Export Control

(Concerns of Civilian Technology Diverted to Military Use, Changes in the Export Control Environment in Asia)

- Civilian technology becomes an important element of advanced defense equipment and the importance of civilian technology in terms of security is increasing.

<Carbon Fiber>



Golf shaft



Structural material
for fighters

<Power Semiconductor>

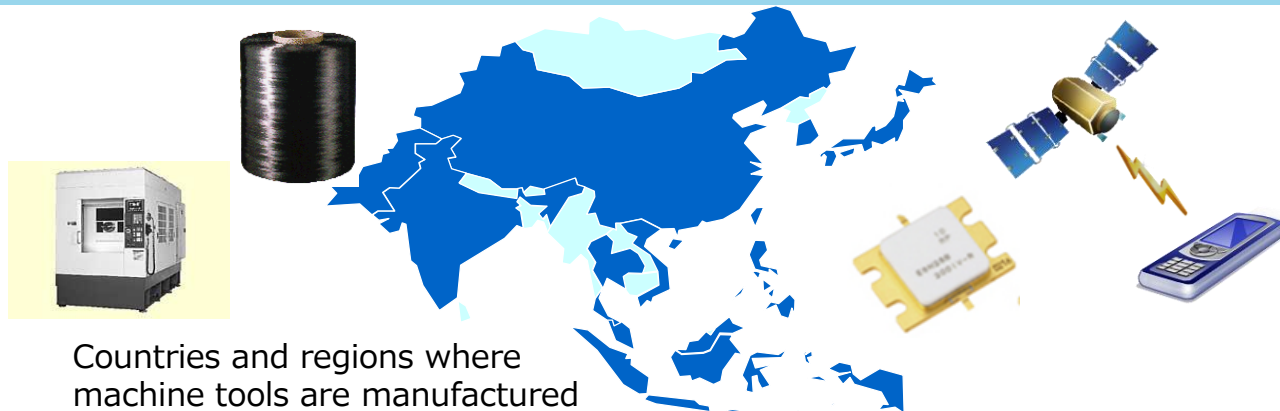


Power amplifier



Radar for naval ships

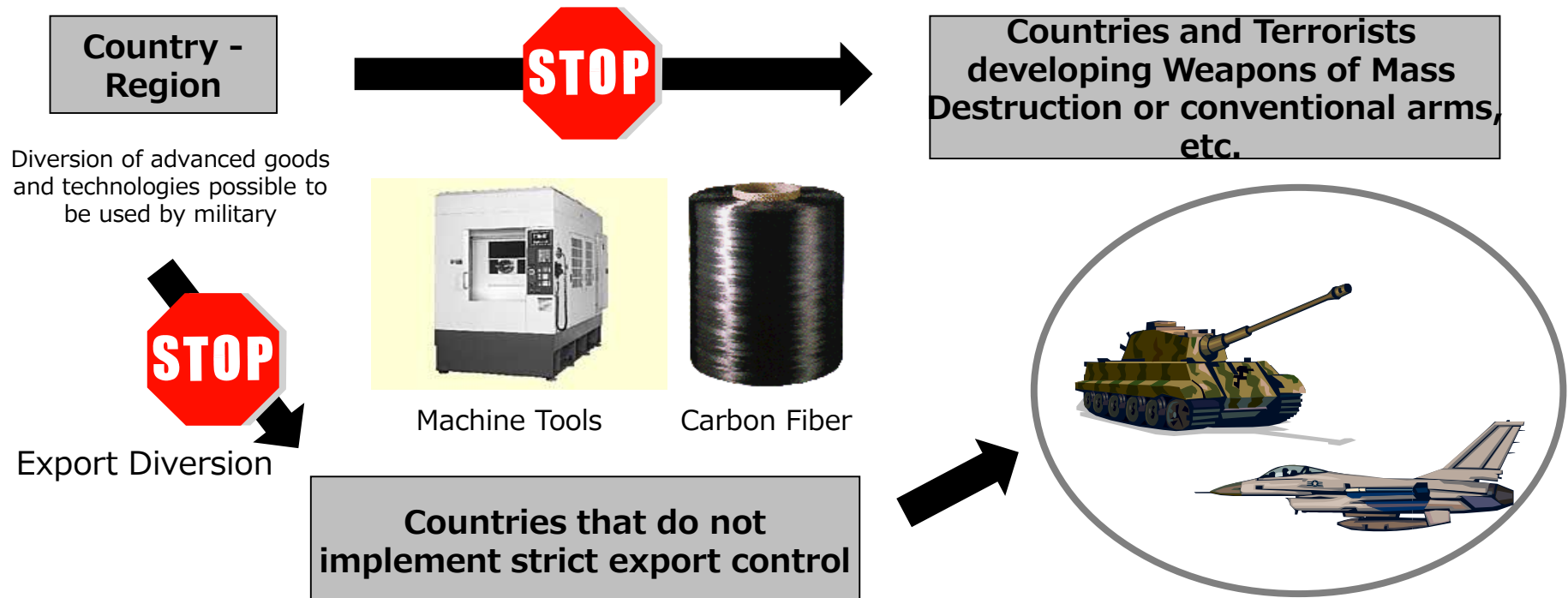
- Asian countries are increasing their production capacity of sensitive dual use items. In addition, the importance of Asian ports as a hub for global and regional trade is rising.



1. International Efforts for Export Control

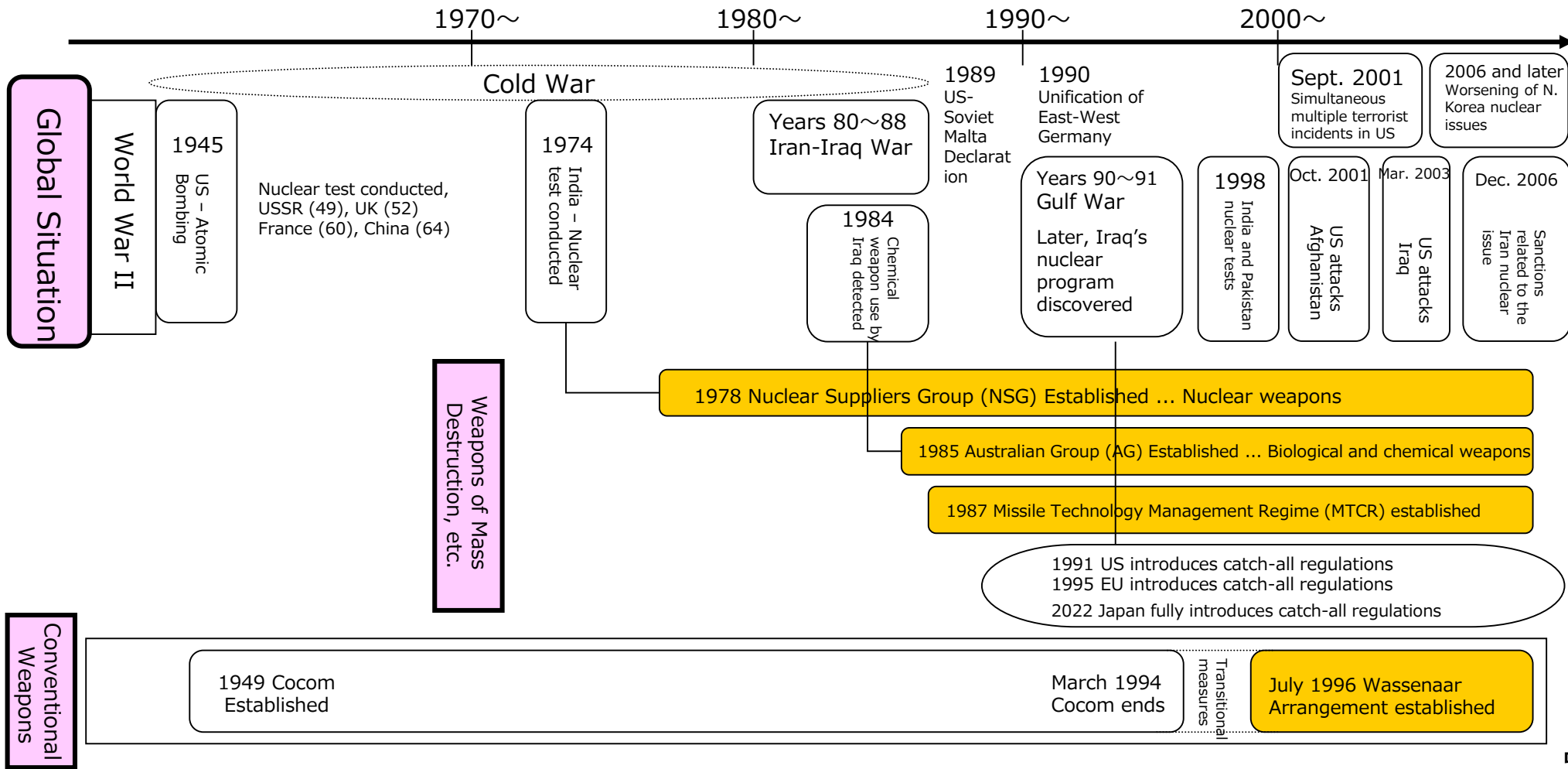
(Need for Export Control)

- When advanced technology and goods are transferred to countries, regions or terrorists developing Weapons of Mass Destruction or Conventional Arms, it may become an international threat and destabilize the regional and international affairs.
- Acquisition of goods and technologies related to Weapons of Mass Destruction by countries of concern and terrorists has become more sophisticated in such as diversion of exports through third countries.
- Strict trade control is being promoted by international export control regimes to prevent this. In non-participating countries, it is necessary to undertake measures based on this.



1. International Efforts for Export Control

(Transitions of International Export Control)



1. International Efforts for Export Control

(Overview of the 4 International Export Control Regimes)

	Nuclear Suppliers Group (NSG)	Australia Group (AG)	Missile Technology Control Regime (MTCR)	Wassenaar Arrangement (WA)
Controlled items	<ul style="list-style-type: none"> - Part 1: Nuclear material, equipment, and technology - Part 2: Nuclear-related dual-use material, equipment, and technology 	<ul style="list-style-type: none"> - Chemical weapons related items - Biological weapons related items 	<ul style="list-style-type: none"> - Complete rocket systems and UAV - Production facilities, batch mixers, aluminum powder, maraging steels, composite structure, gyros, radar, etc. 	<ul style="list-style-type: none"> - Munitions items (firearms, bombs, military aircraft, battle tanks, etc.) - Dual-use items (metal alloys, carbon fiber, machine tools, cryptographic devices, optical sensors, etc.)
Establishment	1978	1985	1987	1996
Number of participating states	48	41+EU	35	42

Summary of Treaties and International Export Control Regimes

International Framework

Related to weapons of mass destruction

Related to conventional weapons

Treaty

Items themselves Regulated
Nuclear weapons, Biological
and Chemical weapons

Nuclear Weapons
Related

NPT

Nuclear
Non-
Proliferation
Treaty

- Effective '70
- Treaty with 190 countries

Biological and Chemical Weapons Related

BWC

Biological
Weapons
Convention

- Effective '75
- Treaty with 170 countries, regions

CWC

Chemical
Weapons
Convention

- Effective '97
- Treaty with 189 countries

Missile Related

Conventional Military Weapons
related

International Export Control regime

Trade general-purpose products
used in the development of
Conventional control of Weapons
and of Mass Destruction

NSG

Nuclear
Suppliers
Group

- Established '78
- 48 participating countries

AG

Australia
Group

- Established '85
- 42 participating countries

MTCR

Missile
Technology
Control
Regime

- Established '87
- 35 participating countries

WA

The
Wassenaar
Arrangement

- Established '96
- 42 participating countries

Japan's Framework

Three principles of
defense equipment
transfer

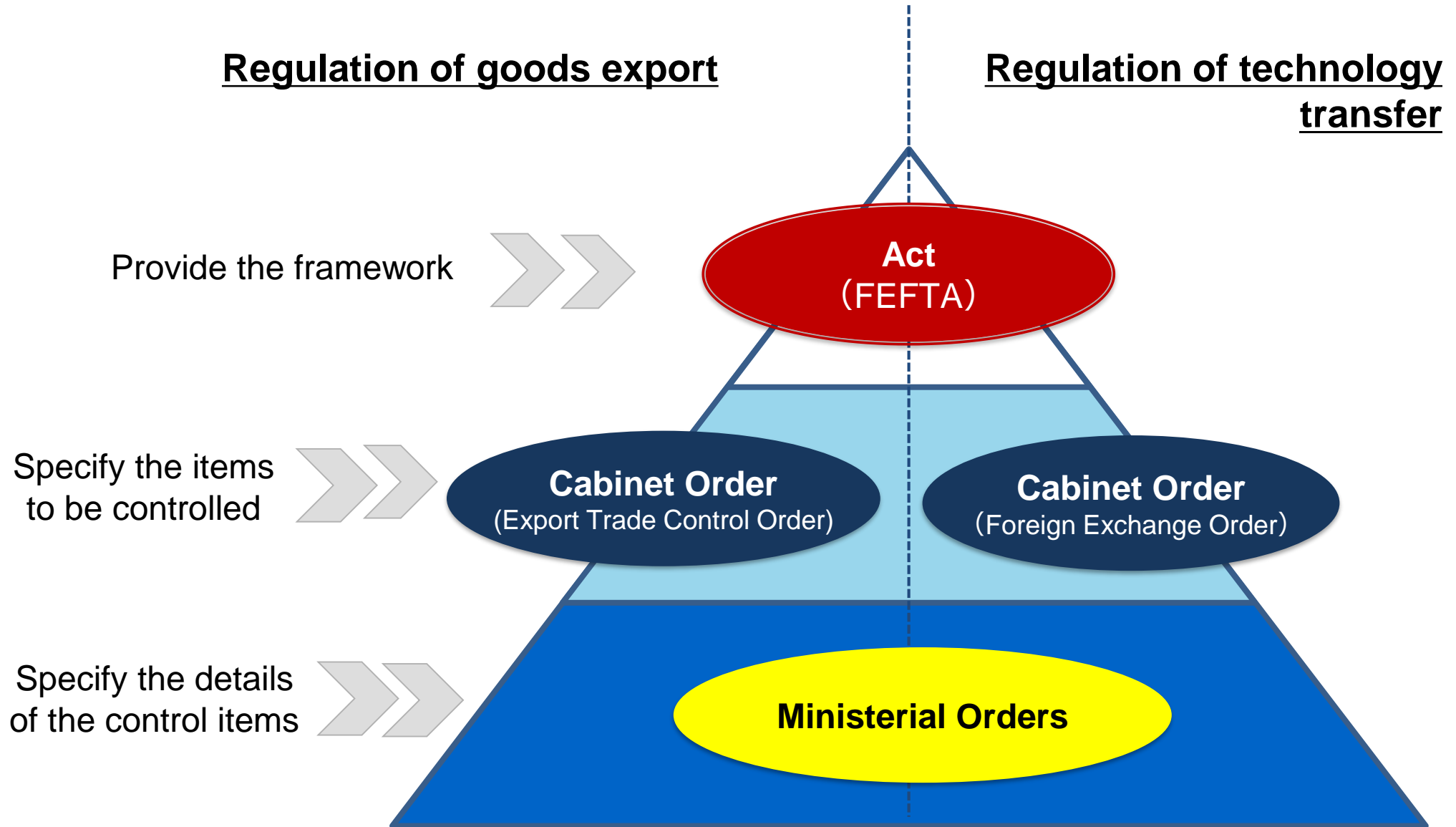
Rules clarified for
transfer of
defense
equipment

Treaties and Regimes

Foreign Exchange and
Foreign Trade Law

- Export Control Order (Items)
- Foreign Exchange Order (Technology)

2. Japan's Security Export Control system (Legal Structure under the Law)



※FEFTA : Foreign Exchange and Foreign Trade Act

2. Japan's Security Export Control system (Structure of the Control List under the Law)

■ Legal Structure

1. Law

✓ **Foreign Exchange and Foreign Trade Act (FEFTA)** -
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 the listed items)*

■ Control List Structure

Cabinet Order		Regime list
Item 1	Weapons	WA/ML
2	Dual-use items	NSG
3		AG
3-2		
4		MTCR
5		WA/BL・SL
5		
13		
14	Others	WA/ML (excluding item 1)
15	Dual-use items	WA/SL
16	Catch-all	

List control (orange box pointing to items 2-5)

Catch-all control (green box pointing to item 16)

Composition of Export Control Order Attachment 1

Item Number	Regime and Treaty (Target Field)	Description	Examination Operation
Item 1	—	Weapons, military exclusive goods	In principle, Individual examinations
Item 2	NSG and NPT (Nuclear Weapons)	Part1. Nuclear exclusive products (especially those requiring strict restrictions on relocation) Part2. Nuclear general-purpose products (items that can be used for development of nuclear exclusive products)	In principle, individual examinations However, partial applications of comprehensive license to white countries, countries participating in each regime, and countries that have signed treaties are permitted.
Item 3	AG and CWC (Chemical Weapons)	Chemicals that can be used as raw materials for military chemical agents, Equipment that can be used for the development of military chemical agents	
Item 2 of 3	AG and BWC (Biological Weapons)	Viruses and bacteria that can be used as raw materials for military bacterial agents, Materials that can be used for the development of military bacterial agents, etc.	
Item 4	MTCR (Missiles, Transport Systems)	Category1 Rockets / missiles / unmanned aircraft systems (especially those requiring strict restrictions on relocations) Category2 Equipment that can be used for the development of rockets, missiles, unmanned aircraft, etc.	
Items 5~15	WA (Other military weapons other than the above)	Equipment that can be used for development of weapons	Comprehensive licenses are possible excluding specific goods.
Item 16	—	Goods other than the above, and additionally customs tariff rate Lists 25-40, 54-59, 63, 68-93, 95	Catch-All Controls

Weapons of Mass Destruction Field

Conventional Weapons Field

List Controls

If the same item is regulated with a different item number at the same time (overlapping), conduct the procedure with the more detailed examination.

List-controlled Items - i. (for reference)

※As of August, 2019

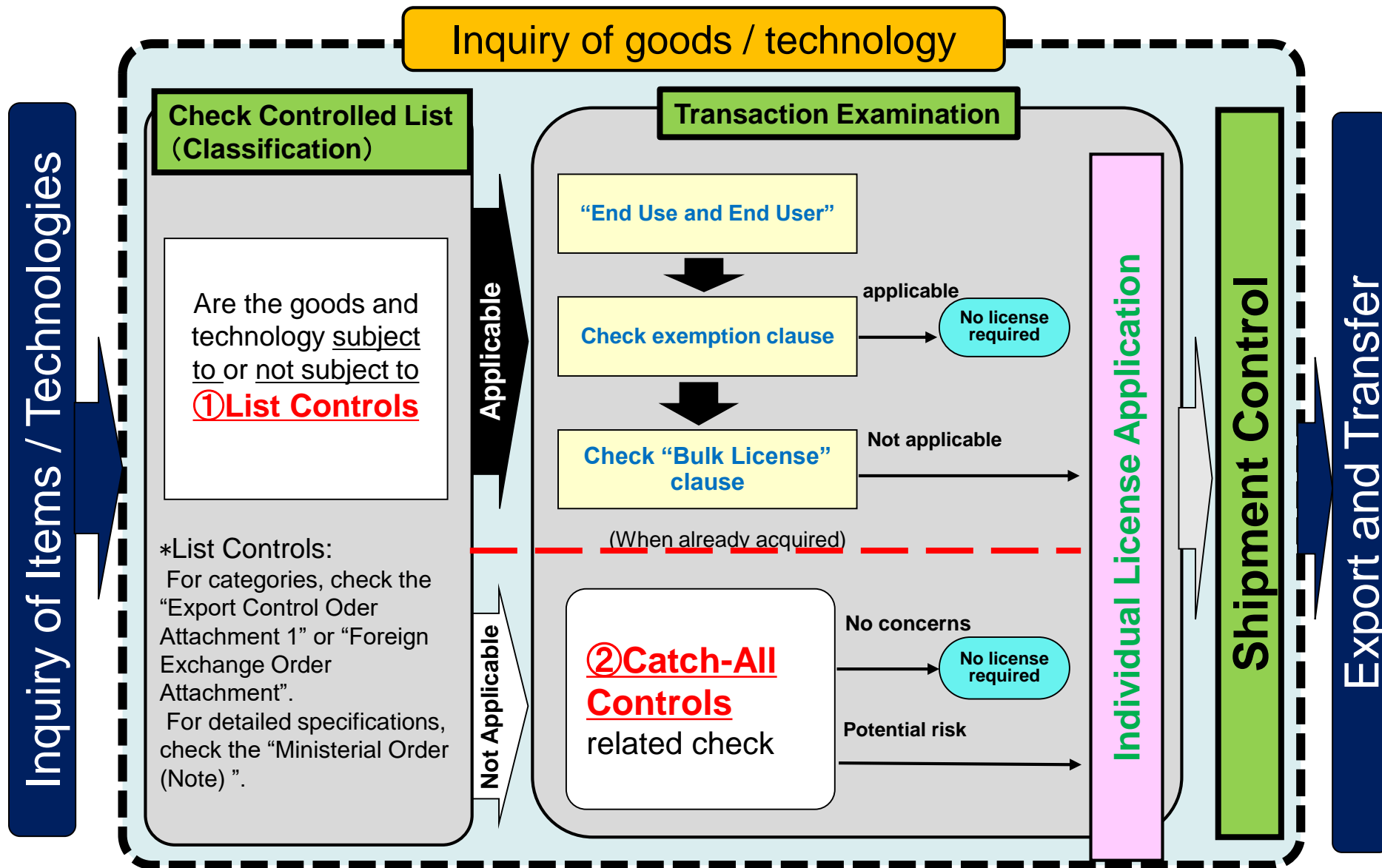
Number	Item	Number	Item	Number	Item	Number	Item
1. Arms		(12)	1. Numerically-controlled machine tools	(45)	Radiation shielding windows or frames	(15)	Structural materials for rockets or UAVs
(1)	Firearms, ammunitions	(13)	2. Measurement equipment	(46)	TV cameras or lenses specially designed for protection from the influence of radiation	(16)	Accelerometers or gyroscopes for rockets or UAVs
(2)	Explosives, explosive dispensers	(14)	Induction furnaces, arc furnaces or melting furnaces	(47)	Tritium	(17)	Flight controllers or attitude controllers, et alia, for rockets or UAVs
(3)	Propellants, military fuels	(15)	Isostatic presses	(48)	Equipment for the production, collection or preservation of tritium	(18)	Avionics equipment
(4)	Propellants, military fuels	(16)	Robots	(49)	Platinized catalysts	(18 - 2)	Thermoelectric batteries for rockets or UAVs
(5)	Directed-energy weapons	(17)	Vibration test systems	(50)	Helium-3	(19)	Gravity meters or gravity gradiometers for aircraft or ship mounting
(6)	Kinetic energy weapons and projectiles	(18)	Structural materials for gas centrifuge rotors	(51)	Primary products of rhenium	(20)	Launch pads or associated ground launch support equipment for rockets or UAVs
(7)	Military vehicles, bridges, etc.	(19)	Beryllium	(52)	Containers with explosion-proof construction	(21)	Radio telemetry equipment, radio telecontrol equipment for rockets or UAVs
(8)	Military vessels, etc.	(20)	Substances used as alpha sources for the detonation of nuclear weapons	3. Chemical Weapons		(22)	Computers designed for use in a rocket
(9)	Military aircraft, etc.	(21)	Boron 10	(1)	Raw materials for chemical warfare agents or substances/raw materials having equivalent toxic ability with chemical warfare agents	(23)	Analog-to-digital converters for rockets or UAVs
(10)	Anti-submarine nets, anti-torpedo nets	(22)	Substances used as reducing or oxidizing agents for the production of nuclear fuel materials	(2)	Equipment or device for the production of chemical agents	(24)	Vibration test equipment, aerodynamics testing equipment, combustion test equipment, et alia
(11)	Armor plates, military helmets, body armors	(23)	Crucibles	(3)	Equipment of components for repair of reactors or containers	(24 - 2)	Electronic computers used for designing rockets
(12)	Military searchlights or control equipment	(24)	Hafnium	3 - 2. Biological Weapons		(25)	Materials or equipment for reducing the level of the radio waves, acoustic waves or light
(13)	Bacterial/chemical warfare agents	(25)	Lithium	(1)	Source materials for bacterial warfare agents	(26)	Integrated circuits, detectors, or radomes for rockets or UAVs
(13 - 2)	Chemical compounds for clarifying bacterial/chemical warfare agents	(26)	Tungsten	(2)	Equipment for the production of bacterial agents	5. Advanced Materials	
(14)	Biopolymers for chemical agents, etc.	(27)	Zirconium	4. Missiles		(1)	Fluorine compound products
(15)	Equipment for the production/test of warfare low explosives	(28)	Electrolytic cells for fluorine production	(1)	Rockets or their production equipment	(2)	(delete)
(16)	Equipment or device for the production of arms	(29)	Equipment for the production of gas centrifuge rotors	(1 - 2)	Unmanned aerial vehicles (UAVs) or their production equipment	(3)	Aromatic polyimide products
(17)	Military satellites or components thereof	(30)	Centrifugal balancing machines	(2)	Guidance or testing equipment for rockets	(4)	Tools for forming of titanium, aluminum or its alloys
2. Nuclear Power		(31)	Filament winding machines	(3)	Propulsion units	(5)	Alloys or powders of titanium or aluminum and their production equipment
(1)	Nuclear fuel or nuclear source materials	(32)	Laser oscillators	(4)	Flow-forming machines	(6)	Metallic magnetic materials
(2)	Nuclear reactors or power-generating equipment for nuclear reactors	(33)	Mass spectrometers or ion sources	(5)	Servo valves, pumps, gas turbines	(7)	Uranium-titanium alloys or tungsten alloys
(3)	Deuterium or deuterium compounds	(34)	Pressure gauges or bellows valves	(5 - 2)	Bearings for pumps	(8)	Superconductive materials
(4)	Artificial graphite	(35)	Superconducting solenoid electromagnets	(6)	Propellants or their raw materials	(9)	(delete)
(5)	Equipment for the separation/reprocessing of nuclear fuel materials	(35 - 2)	Vacuum pumps	(7)	Equipment for the production/test of propellants	(10)	Lubricants
(6)	Equipment for the separation of lithium isotopes	(36)	Scroll-type compressors and vacuum pumps	(8)	Powder and granular materials mixers	(11)	Liquids for preventing vibration
(7)	Equipment for the separation of uranium/plutonium isotopes	(37)	Direct current power units	(9)	Jet mills or equipment for the production of metal powders	(12)	Liquids for coolant
(8)	Frequency changers	(38)	Electron accelerators or X-ray generators	(10)	Equipment for the production of composite materials	(13)	Ceramic powders
(9)	Nickel powder, nickel porous metal	(39)	Impact testing machines	(11)	Nozzles	(14)	Ceramic composites
(10)	Equipment for the production of deuterium or deuterium compounds	(40)	High speed cameras	(12)	Equipment, et alia, for the production of nozzle or re-entry vehicle nose tips	(15)	Polydiorgano silane or polysilazane, et alia
(10 - 2)	Equipment for the production of uranium/plutonium	(41)	Interferometers, pressure gauges, pressure transducers	(13)	Isostatic presses or controllers	(16)	Bismaleimide or aromatic polyamideimide, et alia
(11)	Flow-forming machines	(42)	Goods used for the detonation (testing) of nuclear weapons	(14)	Furnaces or controllers for composite materials	(17)	Fluorinated polyimides
		(43)	Photomultiplier tubes			(18)	Molded products that use prepregs or preforms
		(44)	Neutron generators			(19)	Boron, boron carbide, guanidine nitrate
			Remote control manipulators				

List-controlled Items - ii. (for reference)

※As of August, 2019

Number	Item	Number	Item	Number	Item	Number	Item
6. Material Processing		(20)	Aluminum, gallium and other organic metallic compounds Phosphorus, arsenic and other organic compounds	(7)	Controllers of optical equipment or components	(1)	Gas turbine engines
(1)	Bearings	(21)	Phosphorus, arsenic or antimony hydrides	(7- 2)	Aspherical optical elements	(2)	Spacecrafts for satellite or space development use
(2)	Numerically-controlled (N/C) machine tools	(22)	Silicon carbides	(8)	Laser oscillators	(2- 2)	Controllers designed for use in satellites
(3)	Machine tools for the production of gears	(23)	Polycrystal substrate	(8 - 2)	Laser microphone	(3)	Rocket propulsion systems
(4)	Isostatic presses	8. Computers		(9)	Magnetometers, underwater electric field sensors or magnetic field gradiometers, or calibrating equipment thereof	(4)	Unmanned aerial vehicles
(5)	Coating devices	(1)	Computers	(9- 2)	Underwater monitoring systems	(5)	Testing/production equipment for items 1) through 4), and 10) of 15.
(6)	Measurement equipment	9. Telecommunication		(10)	Gravity meters or gravity gradiometers	14. Miscellaneous	
(7)	Robots	(1)	Telecommunication transmission equipment	(11)	Radars	(1)	Metallic fuel in a powder state
(8)	Feedback devices, et alia	(2)	Electronic changers	(12)	Equipment for measuring optical reflectance, et alia	(2)	Substances which are additives or precursors to low explosives or high explosives
(9)	Spin-forming machines	(3)	Communication optical fibers	(13)	Equipment for the manufacture or calibration equipment of gravity meters	(3)	Diesel engines
7. Electronics		(4)	(delete)	(14)	Materials, et alia, for optical detectors or components thereof	(4)	(delete)
(1)	Integrated circuits	(5)	Phased array antennas	11. Navigation Devices		(5)	Self-contained diving equipment
(2)	Devices using microwaves or millimeter waves	(5- 2)	Radio direction finding equipment for monitoring use	(1)	Accelerators	(6)	Civil engineering machinery for air transportation
(3)	Signal processing equipment	(5- 3)	Wireless communication wiretapping devices	(2)	Gyroscopes	(7)	Robots or control equipment thereof
(4)	Devices using superconductive materials	(5- 4)	Equipment capable of detecting the position of objects by observing interferences of radio waves, possessing a receiving function only	(3)	Inertial navigation systems	(8)	Electric braking shutters
(5)	Superconducting electromagnets	(5- 5)	Internet communication monitoring equipment	(4)	Gyro-astro compasses, global navigation satellite systems, equipment for receiving radio waves, or aircraft altimeters	(9)	Tear or sneeze gas and application equipment thereof
(6)	Primary/secondary or solar cells	(6)	Design/production equipment for items 1) through 3), and 5) through 5-5)	(4- 2)	Underwater navigation devices using sonar	(10)	Simplified explosion devices
(7)	High voltage capacitors	(7)	Encryption equipment	(5)	Testing/production equipment for items 1) through 4-2)	(11)	Detectors for explosives
(8)	Encoders	(8)	Equipment designed to prevent the leakage of information transmission signals	12. Marine		15. Sensitive Items	
(8 - 2)	Thyristor devices or modules	(9)	(delete)	(1)	Submersible vessels/vehicles	(1)	Molded goods using inorganic fibers, et alia
(8- 3)	Semiconductor devices for power control	(10)	Communication cable systems capable of detecting surreptitious intrusion	(2)	Vessel components or auxiliaries thereof	(2)	Radio wave absorbers or conductive polymers
(8 - 4)	Optical modulator	(11)	Design/production/measurement equipment for items 7), 8) or 10)	(3)	Underwater salvage systems	(3)	Nuclear heat source materials
(9)	Sampling oscilloscopes	10. Sensors		(4)	Underwater lighting systems	(4)	Digital telecommunication transmission equipment
(10)	Analog-to-digital converters	(1)	Underwater acoustic equipment	(5)	Underwater robots	(4- 2)	Units for obstruction of simplified explosion devices
(11)	Digital instrumentation recorders	(2)	Optical detectors or coolers thereof	(6)	Sealed power units	(5)	Underwater acoustic equipment
(12)	Signal generators	(3)	Optical fibers for use in sensors	(7)	Circulation water tanks	(6)	Optical detectors for space use
(13)	Frequency analyzers	(4)	High speed cameras	(8)	Buoyant materials	(7)	Radars which utilize a transmitting pulse width less than 100 nanoseconds
(14)	Network analyzers	(5)	Reflectors	(9)	Closed-circuit or semi-closed circuit self-contained diving equipment	(8)	Submersible boats
(15)	Atomic frequency standards	(6)	Optical components for space use	(10)	Underwater acoustic transmitters used for obstruction	(9)	Soundproofing devices for vessels
(15 - 2)	Spray cooling method temperature control devices	13. Propulsion Units				(10)	Ramjet engines, scramjet engines, combined cycle engines
(16)	Semiconductor manufacturing equipment						
(17)	Masks or reticles						
(17 - 2)	Materials for production of masks						
(18)	Semiconductor substrate						
(19)	Resists						

Exporter's Application Flow in Japan



(Note) Ministerial Order : Order that speculates detailed specifications of goods and technologies

3. Individual license Application

① List Controls

If the items to be exported fall under the Export Control Order Attachment 1 Items 1~15, an export license from METI is required.

*In the case of transfer of technology overseas (including programs), permission of service transactions is required

- **In accordance with International Agreements**, weapons and items that are very likely to be used for the development of weapons of mass destruction (dual-use, military and civilian use goods) are regulated
- Controlled items names and the regulation values (specification) are listed → **Contents agreed in International Export Control Regimes and Treaties** are controlled, for items, under "Export Control Order Attachment 1(*)" and "Ministerial Order"

*For technology, Foreign Exchange Order Attachment

Check controlled list : Classification

The exporter has the responsibility to classify whether the export item is subject to control list.

Matrix of export Ordinance and Ministry Ordinance

item name and specifications
(technical specs)

Export Ordinance Attachment List 1
Objective Cargo

Item	Export License Items Name
2 Nuclear Power	
(1)	Nuclear fuel materials and nuclear materials
(2)	Reactors, reactor generators, etc. power generators for reactors, etc.
(12)	1 Numerically controlled machine tools 2 Measuring devices

① Confirm the item name in the export ordinance

② Confirm specifications (specs) with cargo ordinance

If both ① and ② above are applicable, it is applicable to List Control Items

Export Ordinance Paragraph 2		Article 1 of the Ordinance of the Ministry of Cargo	
Number	Item	Number	Item
			The specifications defined by the Ordinance of METI in the first two paragraphs of Schedule 1 of the Export Order shall fall under any of the following.
Export Ordinance Paragraph 2 (12)	Machine tools and other equipment used for the development or manufacture of nuclear weapons, as follows: 1 Machine tools capable of numerical control 2 Measuring devices (including machine tools that usable as measuring devices)	Cargo etc. ordinance Article 1 No. 14	Machine tools (limited to those capable of processing metal, ceramic or composite materials), that can be equipped with an electronic control device with two or more axes capable of contour control, that are applicable to any of the following from (1) to (2) (excluding (ホ)) (1) Machine tools that are machining-capable and fall under the following (1) and (2) (excluding those that fall under (3)) (1) Positioning accuracy of less than 0.006 mm when measuring the total length of the linear axis by the measurement method defined by ISO 230/2 (1988) defined by the International Organization for Standardization (to be referred to as "International Standards"). (2) Materials with diameters exceeding 35 mm capable of being processed Items applicable to 1 and 2 below and are for lathes for bar work with materials are inserted from the spindle through hole. 1 Maximum diameter of materials capable of being processed 42mm or less 2 Items that cannot be attached to the chuck <input type="checkbox"/> Machine tools capable of being milled and are applicable to any of the following from (1) to (3) (excluding (4)) (1) Positioning accuracy less than 0.006 mm when measuring the total length of the linear axis by the measurement method defined by International Standard ISO230/2 (1988) (2) Number of rotation axes capable of contour control is two or more

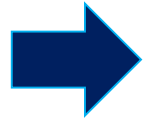
* For interpretation of the operation notifications, also check the interpretation of each item.

* Referencing "Matrix of Ministerial Ordinance on Export and Freight" of Security Trade Control webpages possible.

Some Key Points on List Controls

1. Some items may be controlled under multiple categories.

Ex. 1 Carbon Fiber



It can be utilized in a centrifuge and a production of missiles and conventional arms.
(Sections 2(17), 4(15), 5(18), 13(3), etc.)

Ex. 2 Machine Tools



Nuclear-related



Section 2(12) 1

※The goods might not be controlled under Section 2, but it might be controlled under Section 6 instead.

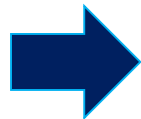


Conventional arms-related



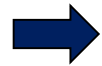
Section 6(2)

Ex. 3 Integrated Circuit (IC) Chips for Satellite Broadcasting
Controlled under Sections 7 (Integrated Circuit) and 9 (Encryption Equipment)



Notes on List Controls (continued)

2. Refer to the **Latest Control List!** (Partially revised yearly in principle)



The latest Control list revision was effective on **January 22, 2020**

Caution

It is necessary to refer to the latest Control List at the point of export!

3. Also pay attention to **Parts** and **Accessories!**



When “parts” or “accessories” of cargo, etc., are controlled by Ministry Ordinance, then the parts and accessories of the corresponding items are also regulated when exporting.

4. Commonly used terms such as "GPS" may not be written on the List!



Item 4 (18) "Avionics equipment or and such parts"

~ Ministry of Cargo etc., Ordinance Article 3-19 ~

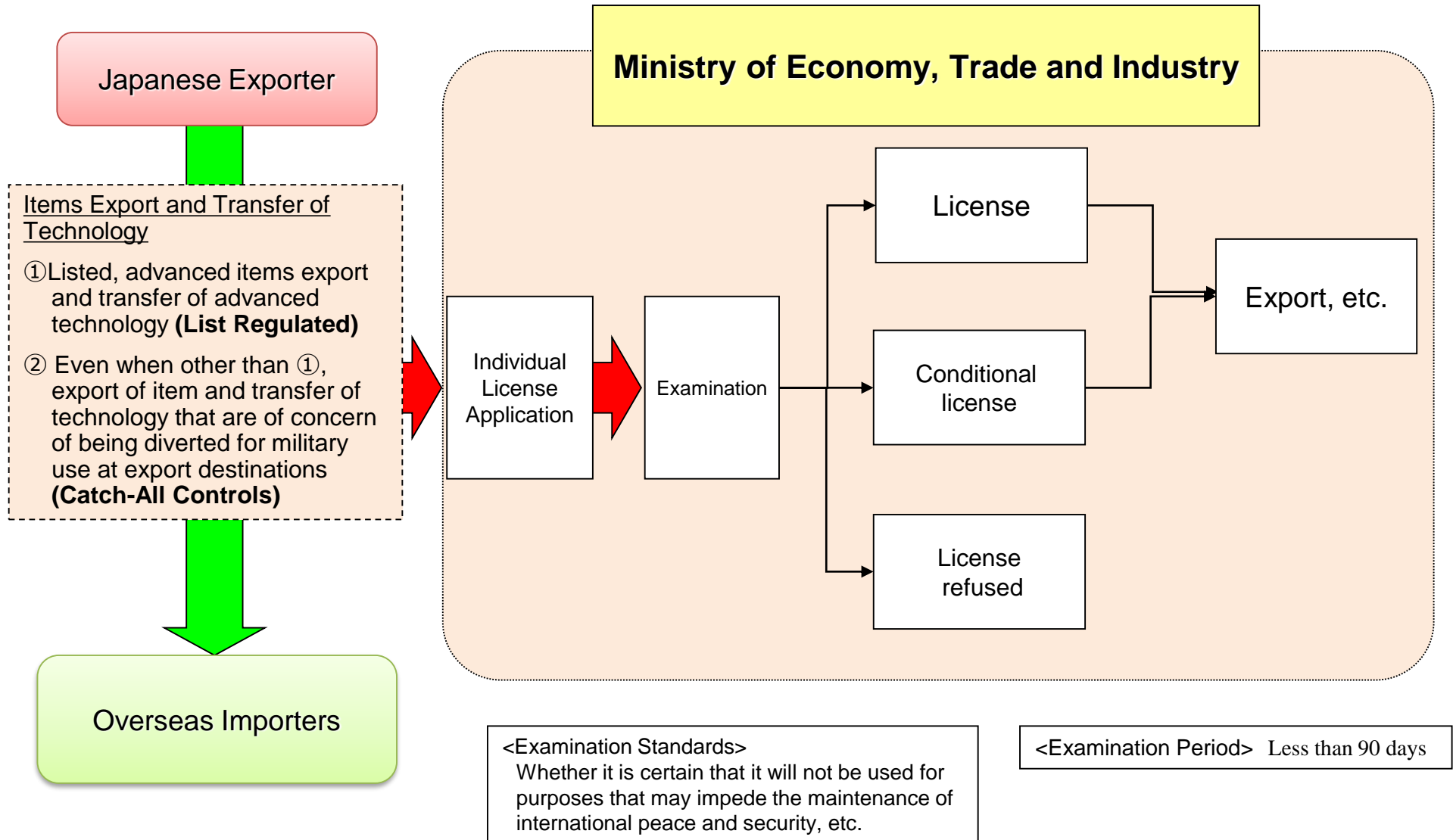
"Avionics equipment" falling under any of the following:

イ~ロ (abbr.)

ハ **Devices for receiving radio waves from satellite navigation systems (including global navigation satellite systems and global navigation satellite systems)** and, fall under (1) or (2) below, or parts that are specifically designed for that purpose (1)-(2) (abbr.)

* The “Terms Requiring Replacement (examples)” on the website of METI can be referenced.

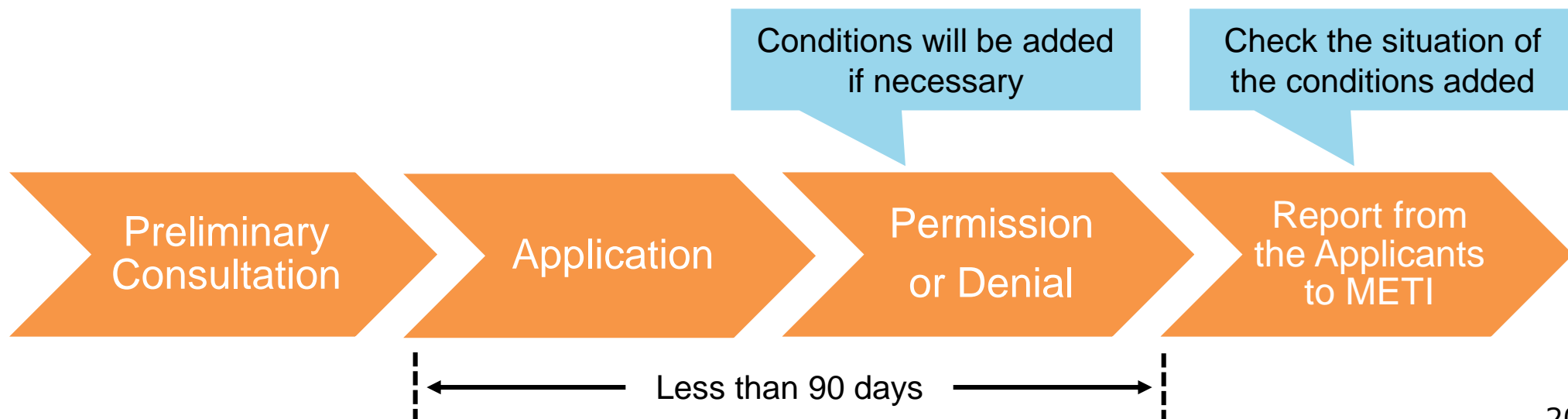
Procedure for Individual License Application



Japan's Security Export Control system

(Procedure for Individual License Application)

- Exporter has the responsibility to classify whether an export item is subject to the control list. As a result of the classification, if the item is covered by the control list, the exporter must apply for export license to the Ministry of Economy, Trade and Industry (METI).
- METI examines the appropriateness of the end-use and the end-user of the license application, and decides whether to permit or deny the application. Conditions will be added to export licenses (e.g., post shipment monitoring of items, prior consent in case of re-transfer.) if necessary.
- Licensing goes through a multi-layered checking/confirmation process.



Examination criteria and Permission Conditions

● Examination Criteria consisting of the 4 Pillars

- Whether the goods will be actually delivered to the end user or not.
- Whether the goods will be actually used by the stated end user or not.
- Whether the goods will not be used to impede the maintenance of international peace and security or not.
- Whether the end user will appropriately control the goods or not.

● Examples of Permission Conditions

- Prior consent procedure
- Reporting Installation and Use of Exported Items
- Condition of Shipping back and Reporting

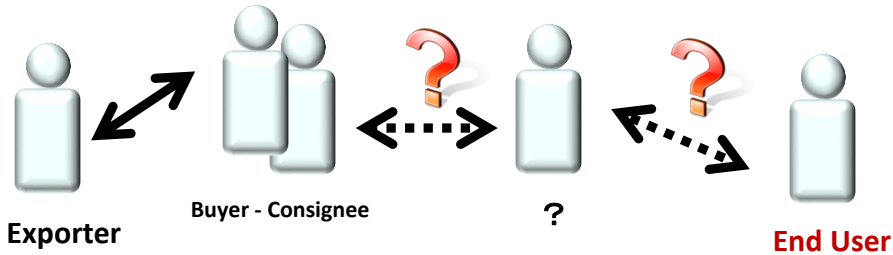
Examination Criteria

(Ref) 4 Pillars of examination

1. Whether the goods will be actually delivered to the end user.
2. Whether the goods will be actually used by the stated end user.
3. Whether the goods will not be used to impede the maintenance of international peace and security.
4. Whether the end user will appropriately control the goods.

Examination Criteria for Export License ①

1 The likelihood that the item will actually reach the stated end-user



commercial distribution confirmed with contracts and other evidence.

Is the contract tied to an actual **end user**?

logistics also confirmed by contracts and other evidence including the transit points.

Is the transport route unnatural?

Transit points?

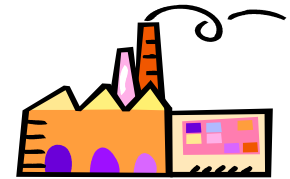
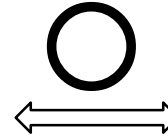
Diverted? Detour?

Normally assumed route

Numerical Control machine tool (5-axis machine)



Example



Mold factory

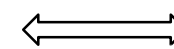
Is the **end user's** business description consistent with the application of the **items**?

- industry category
- business implementation
- Export purpose
- background info.

Is the quantity of **items** appropriate in relation to the production capacity of the **end user**?

- <basic corporate information>
 - Capitalization
 - Sales
- <Production capability>
 - Production volume
 - Ownership of equipment

Application for 100 machine tools



Plastic parts factory (Small scale)

Case study 1 (reach)

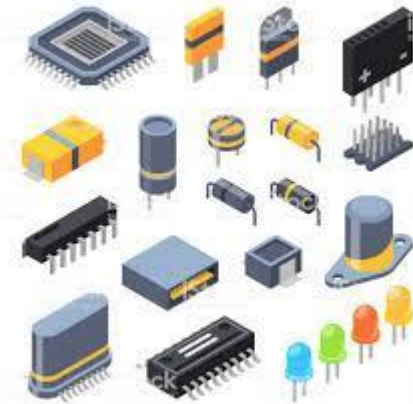
- Item: MMIC

Wassenaar Arrangement Dual-Use List

Category 3 Electronics

3. A. 1. b. 2. "Monolithic Microwave Integrated Circuit" ("MMIC") amplifiers that are any of the following: ...

- Exporter: Electronics device manufacturer A
- Destination: Country X
- End User: B
- Consignee: C



Case study 2 (use)

- Item: Carbon Fibre

NSG Part2 Guidelines

2.C.7. “Fibrous or filamentary materials”, and prepregs, as follows:

a. Carbon or aramid “fibrous or filamentary materials” having either of the following characteristics:

1. A ‘specific modulus’ of 12.7×10^6 m or greater; or
2. A ‘specific tensile strength’ of 23.5×10^4 m or greater;

- Exporter: Carbon fibre manufacturer A
- Destination: Country X
- End User: prepreg manufacturer B (for golf shaft!)



- **Japanese carbon fiber bound for Iran seized: U.N. report**
- Kyodo
- Jun 14, 2014
- NEW YORK – An Iran-bound ship from China intercepted in late 2012 was found to be carrying a pile of carbon fiber made by “A” Industries Inc. and likely earmarked for use in Iran’s nuclear program, a U.N. report said.



Case Study 3 (use)

- Item: Chemical material which can be used for chemical weapons

Australia Group

- Exporter: Chemical material manufacturer A
- Destination: Country X
- End User: Chemical product manufacturer B



- End User B's procurement (upper) and production (lower) record:

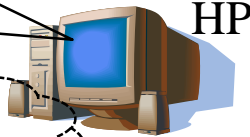
	2017	2018	2019	2020 declaration
Pattern 1	100kg 50kg	100kg 50kg	100kg 50kg	100kg
Pattern 2	100kg 50kg	100kg 50kg	200kg 100kg	300kg
Pattern 3	100kg 50kg	100kg 50kg	200kg 50kg	300kg

Examination Criteria for Export License ②

3 The likelihood that the item will **not** be used for **purposes other than stated (military)**

<company A>

- Has a history of delivering to the military!
- Has advanced technologies in aerospace!



Is it true or not?

<What we scrutinize?>

- Whether the item(s) is for civilian or non-civilian purposes.
- Whether there is any relationship with military sectors (Gov. or Industries)?

Does the end user handle nuclear/biochemical weapons, missiles or other military goods?

<How we scrutinize?>

Tool methods:

- Cross-reference Foreign End User List by METI
- Utilize Examination info. by METI
- Conduct meetings, examine documents and reports from applicants.
- Utilize public info

Items:

- Main customers of end user
- Investors of end user
- Other relevant entities on the trade
- Licenses for military sales
- Participation in a military program (WMD/conventional arms)



Munitions companies



Military funding



Does the end user, etc., have any relationship with military industries?



Are there security cameras?



Is it properly locked up?
Are entry and exit recorded?

4 The likelihood the end user will properly **manage** the item



Whether the items are appropriately stored and managed

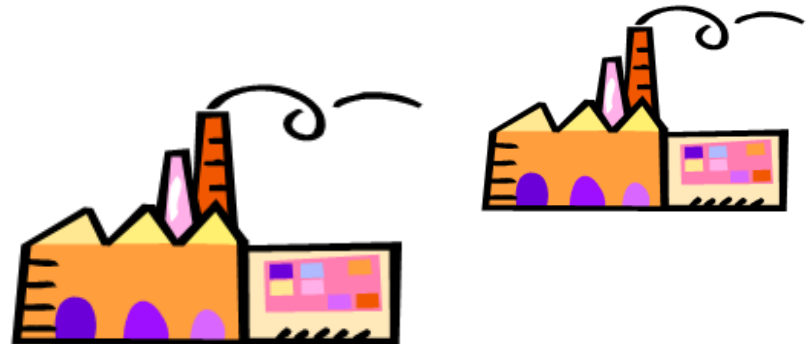
- Request a description of: where, who, how, when, what for the items will be used
- Confirmation of management and storage procedures to prevent diversion .

Case study 4 (non-military?)

- Item: Machine tool

NSG Part2

- 1.B.2. Machine tools, as follows, and any combination thereof, for removing or cutting metals, ceramics, or composites, which, according to the manufacturer's technical specifications, can be equipped with electronic devices for simultaneous "contouring control" in two or more axes: ...
- Exporter: Machine tool manufacturer A
- Destination: Country X
- End User: machine industry B (manufacturing both military parts and civilian parts!)



Case study 5 (management)

- Item: Imaging Camera

Wassenaar Arrangement Dual-Use List

Category 6 SENSORS AND "LASERS"

6. A. 3. b. 4. Imaging cameras incorporating "focal plane arrays" having any of the following: ...

- Exporter: Camera manufacturer A
- Destination: Country X
- End User: Research center B of University C



End User Certificate (EUC)

- Additionally, when necessary, METI requests an applicant to submit a pledge that the end user understands the items is not to be used for non-civilian purposes and that international export control is necessary, and will conduct appropriate export control procedures

(This Form is designed by METI and shall be completed by the end-user in the country of destination.)

 (Name of the exporter in Japan)
 END-USE CERTIFICATE (EUC)
 for presentation to the Export Control Authority of Japan (METI)

SECTION1: PARTIES CONCERNED

(a) Name of Exporter _____
 (b) Name of Buyer _____
 (c) Buyer's Address _____
 (d) Name of Consignee _____
 (e) Consignee's Address _____
 (f) Name of End-User _____
 (g) End-User's Address _____
 (h) Specific Location where the items will be used (if different from (g)) _____

SECTION2: ITEMS (goods, software, technology)

(a) Description of the item(s) (e.g. Name of Manufacturer/Model, Class, Type, Serial Number)	(b) Quantity/Weight
_____ / _____	_____
_____ / _____	_____
_____ / _____	_____

(c) Contract Number / Date of signature of contract _____ / _____

SECTION3: COMMITMENT

(a) The item(s) indicated in SECTION2 will be used for _____

(b) The above-mentioned Item(s) and/or replica thereof will not be used for the development, production and/or use of the weapons of mass destruction (WMD) namely nuclear weapon, chemical weapon, biological weapon and WMD delivery systems such as missiles, nor be used in any nuclear explosive activity, nuclear fuel-cycle activity and/or heavy water production which is not covered by IAEA safeguards. The items will be used for civil purpose only.

(c) The above-mentioned item(s) will be used by the end-user indicated in SECTION1 only and remain / be consumed in _____
 (country of final destination)

(d) We (I) shall not re-export the above-mentioned item(s). In the event we (I) have to re-export the item(s), we shall obtain prior consent of _____
 (the name of the exporter) who was obliged by METI.

(e) (When the above-mentioned Item(s) include(s) technology yes), it will be treated as strictly confidential.

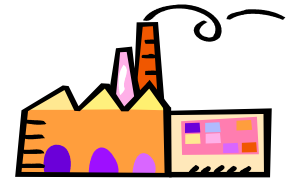
(f) Additional Commitment(s): _____

(g) The ownership and/or rights to use of the above-mentioned item(s) will only be transferred to a third person/company on condition that this third person/company accepts the commitments of the above declaration as binding for itself and on condition that this third person /company is known to conduct civil business activities.

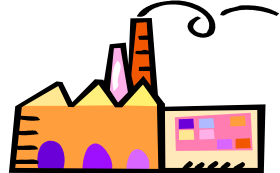
(h) We (I) were (was) explained and surely understand the contents of "Notice relating to EUC" from METI.

Example of the Visiting Report ①

- Preparation date of this report:
- Writer of this report:
- Visiting Date:
- Customer Name:
- Head Quarters Address:
- Installation Address:
- Name of work piece:
- Name & Title of the person who the visitors met:



Example of the Visiting Report ②

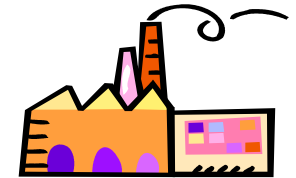
- Photo of the company name plate with visitor:
 - Photo of the manufacturing equipment in the factory:
 - Photo of Installation place of the machine:
 - Photo of the work piece:
- 
- Are there any our machines already installed in the factory?
 - Are there any companies in the same building or same site?
 - Does the customer have any security system?
 - Does the customer do business related to military, aerospace, nuclear?
 - Are there any military facilities near the installation factory?

Additional conditions on export licenses

Examples of Main Permission Conditions

➤ **Prior consent Procedures**

- Regarding re-export / (re-transfer) / (re-sale), prior consent procedure with METI



➤ **Reporting Installation and Use of the Exported Items**

- Report of completion of installation
- Report of the condition of the use (ex. checked annually for X years)
- Report by the deadline day of YYYY/MM

➤ **Condition of Shipping back and reporting**

- Condition of Shipping back: ex. Maintenance, Repair etc.
- Report of completion of shipping back
- Report by the deadline day of YYYY/MM



② Catch-All Controls

- Catch-All Controls are Export Regulations that Supplement List Controls.
- Unlike List Controls, these Regulations Focus exclusively on end users and Applications.

Catch-All Controls consist of two types of regulations.

(1) Catch-all Control of WMD

(2) Catch-all Control of Conventional Arms

Catch-all Control of WMD

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

Region

All regions except for preferred trade partner list countries

Items

Any Items which are not on the list (except for food, etc.)

The Commodity Watch List [40 +21* items]

(*only for Syria)

Conditions

(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 WMD.

(Reference 1) Commodity Watch List (for Catch-all of WMD)

N=Nuclear weapons, M=Missile,
B=Biological weapons,
C=Chemical weapons,

- List of items that could possibly be used for WMD-

- (1) Tributyl phosphate (TBP) (N)
- (2) Carbon/Glass/Aramid fiber (N, M)
- (3) Titanium alloys (N, M)
- (4) Maraging steel (N, M)
- (5) Aluminum alloys tubes with a diameter of more than 75 mm (N)
- (6) Flow-forming machines (N, M)
- (7) N/C Machine tools (N, M)
- (8) Isostatic presses (N, M)
- (9) Filament winding machines (N, M)
- (10) Frequency changers (N)
- (11) Mass spectrometers and ion sources (N)
- (12) Vibration test systems (N, M)
- (13) Centrifugal multiplane balancing machines (N, M)
- (14) Pressure transducers (N, M)
- (15) Non-destructive inspection equipment (N, M)
- (16) Oscilloscope or waveform digitizers and transient recorders (N)
- (17) High power/voltage DC power supplies (N)
- (18) Generators (N)
- (19) Vacuum pumps (N)
- (20) Radiation-hardened robots (N)
- (21) TIG welding units, electron beam welding units (N, M)
- (22) Radiation monitoring and detection equipment (N)
- (23) Mill for fine powder (M)
- (24) Karl Fischer moisture equipment (M)
- (25) Equipment designed for producing prepregs (M)
- (26) Artificial graphite (N, M)
- (27) Gyroscopes (M)
- (28) Rotary encoders (M)
- (29) Trucks (Tractors, Trailers, Dump trucks) (M)
- (30) Crane trucks (M)
- (31) Chambers for fermentation (B)
- (32) Centrifugal separators (B)
- (33) Freeze dryers (B)
- (34) Reactors (C)
- (35) Agitators (C)
- (36) Heat exchangers or condensers (C)
- (37) Distillation or absorption columns (C)
- (38) Filling equipment (C)
- (39) Unmanned air vehicles that are specially designed for incorporating spray machines (M, B, C)
- (40) Spray machines that are specially designed for installing in unmanned air vehicles (M, B, C)

(Reference 2) Foreign End User List Revised April 26, 2019

- ✓ List of Companies and Organizations that are of concern regarding involvement in development of Weapons of Mass Destruction, listed and published by Ministry of Economy, Trade and Industry (METI)
- ✓ When exporting to listed companies, etc., license from the Minister of Economy, Trade and Industry is required unless it is clear that they will not be used for the development of weapons of mass destruction!

Note) Since the Foreign User List is revised every year, it is necessary to obtain the latest version!

Country	List Number
Afghanistan	2
Saudi Arabia	9
Israel	2
Iran	222
India	4
Egypt	2
Syria	143
Taiwan	20
China	1
Pakistan	63
Hong Kong	57
Lebanon	3
North Korea	6
Total	534

List of companies and organizations number by country

New No.	Country or Region	Company or Organization	Also Known As	Type of WMD
1	Islamic Republic of Afghanistan	Al Qa'ida/Islamic Army	<ul style="list-style-type: none"> • Al Qaeda • Islamic Salvation Foundation • The Base • The Group for the Preservation of the Holy Sites • The Islamic Army for the Liberation of Holy Places • The World Islamic Front for Jihad against Jews and Crusaders • Usama Bin Laden Network • Usama Bin Laden Organisation 	Chemical
2	Islamic Republic of Afghanistan Islamic Republic of Pakistan	Ummah Tameer E-Nau (UTN)	<ul style="list-style-type: none"> • FOUNDATION FOR CONSTRUCTION; • NATION BUILDING; • RECONSTRUCTION FOUNDATION; • RECONSTRUCTION OF THE ISLAMIC COMMUNITY; • RECONSTRUCTION OF THE MUSLIM UMMAH; • UMMAH TAMEER I-NAU; • UMMAH TAMIR E-NAU; • UMMAH TAMIR I-NAU; • UMMAT TAMIR E-NAU; • UMMAT TAMIR-I-PAU; 	Nuclear

}

533	Republic of Lebanon	Techno lab	• Techno Lab	Biological, Chemical, Missile
534	Republic of Lebanon	TOP TECHNOLOGIES SARL		Biological, Chemical, Missile

Catch-all Control of Conventional Arms

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

Region

Countries under UN arms embargo

Non-preferred trade partner list countries except for UN Arms embargo countries

Items

Any Items which are not on the list (except for food, etc.)

The Commodity Watch List [34 items]

Conditions

(1) Exporter's Initiative

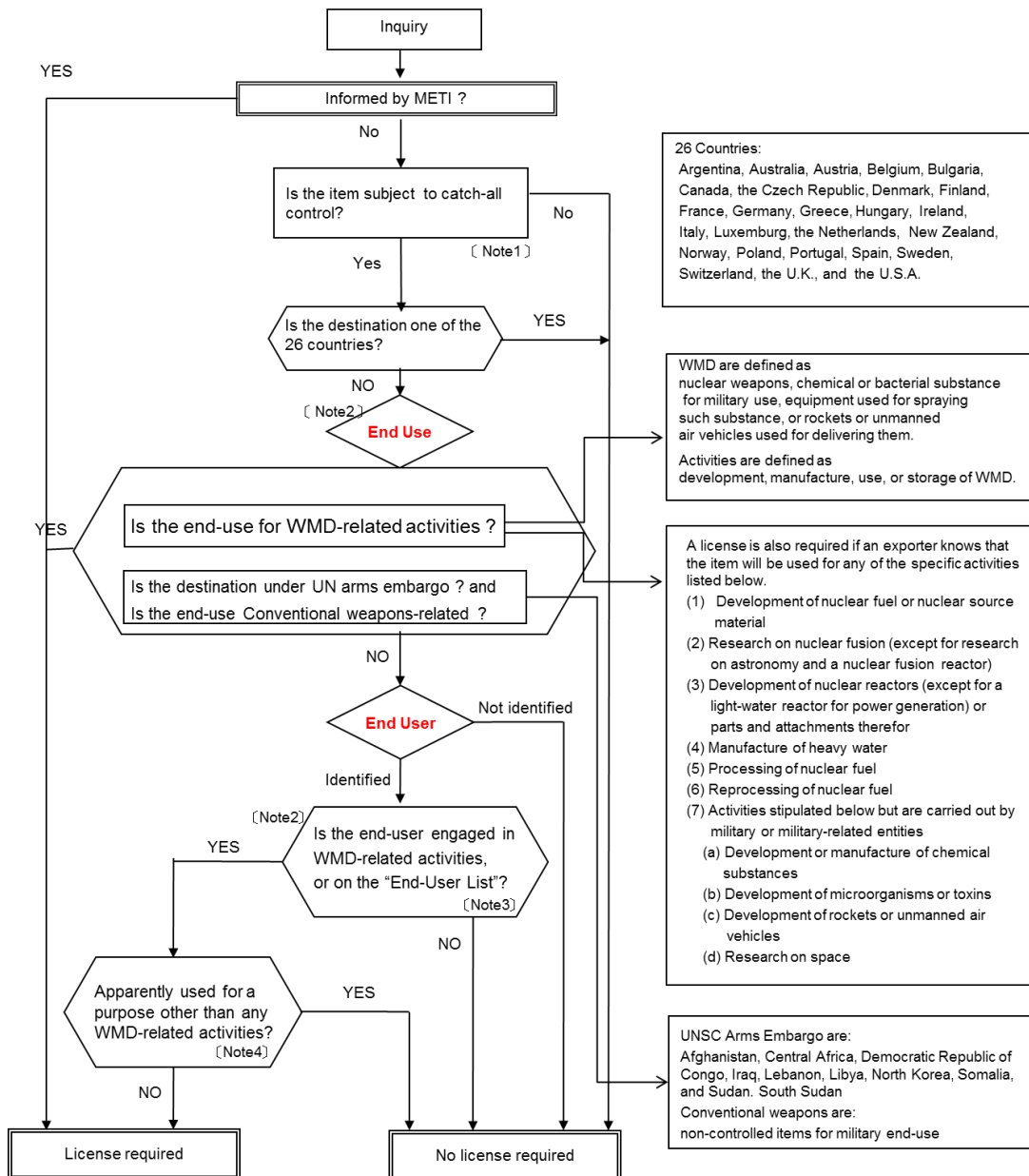
= The "Know" Condition

In case exporters have come to know that the items will be used for the development, manufacture or use of conventional arms in UN embargo Countries

(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.

Catch-All Flowchart (Catch-All Control over WMD and Conventional arms)



[Note1]

In relation to WMD catch-all control, the Commodity Watch List is a list of specific dual-use goods with high risks of diversion for the development, manufacture, use or storage of WMD. It contains 40 such items, plus 21 additional ones which apply specifically to exports to Syria. And, in relation to military catch-all control, METI has also published Commodity Watch List which covers 34 goods.

[Note2]

Judge YES or No through written information on such documents as contracts or corporate brochures, or through notification from the importer or any other parties

[Note3]

The End-User List is a list provided by METI which lists foreign entities that are considered to be involved in development, production, manufacturing or storage of WMD.

[Note4]

The Guideline for Judging “When Apparent” is provided by METI to help exporters make proper judgment if an item to be exported will apparently be used for a purpose other than the WMD-related activities stipulated in the regulations related to catch-all control.

※ The flowchart above applies to WMD Catch-All Control and Military Catch-All Control and does not apply to the items which are in the categories 1 through 15 of the attachment List No. 1 to the Export Trade Control Order and in the categories 1 through 15 of the attachment List to the Foreign Exchange Order.

Cooperation with Custom regarding Catch-All Controls

- When custom discovers concerning transactions during custom clearance, the fact is reported to METI.
- If METI should determine that further review is necessary, an inform notification will be implemented to conduct a detailed examination.

