



THE 11TH JOINT INDUSTRY OUTREACH SEMINAR ON STRATEGIC TRADE MANAGEMENT - SINGAPORE 2023

Update on Japan's Export Controls

October 2024

Trade and Economic Security Bureau
Ministry of Economy, Trade and Industry (METI), Japan

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1.1 Update of Control List

To Follow the agreement in the international export control regimes

15 items revised on 1st February 2024

Nuclear related Item (1 item), Biological Weapon related items (6 items), Advanced Material (1 item), Computer (1 item), Lasers (2 item), Marine (1 item), Propulsion (2 items) and Very Sensitive List (1 item)

To Strengthen Export Controls for Advanced Technology

4 new items added on 8th September 2024

2 Semiconductor related items (Imaging equipment, GAA transistor technology), 2 Quantum related items (CryoCMOS, Quantum computers)



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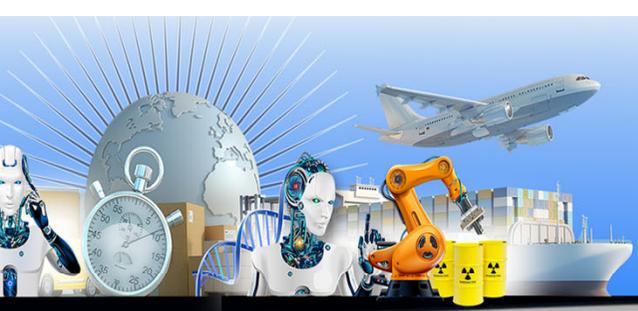
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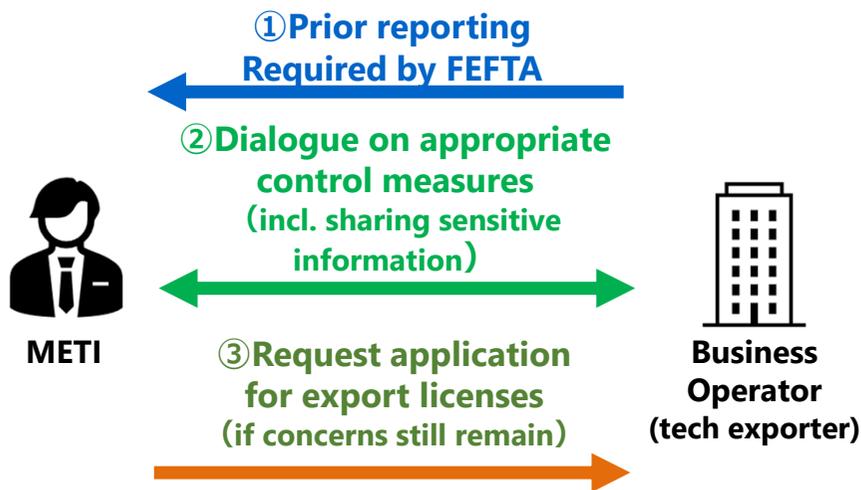
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New scheme to control foundational technologies under the Foreign Exchange and Foreign Trade Act (FEFTA)

- GOJ is to strengthen control over transfer of foundational technologies.
- METI will require prior notifications from exporters with specific foundational technologies that have concerns about future military use.
- METI and the exporter will have a dialogue on appropriate technology transfer control measures to prevent unintentional technology leakage.
- METI will request the exporter to apply an export license if concerns are not resolved.

New Technology Control scheme (use of "catch all control")



Technologies required prior notification	
1.	Multilayer ceramic capacitors
2.	SAW and BAW filters
3.	Electrolytic copper foil
4.	Dielectric film
5.	Barium titanate powder
6.	Carbon fiber
7.	Silicon carbide fiber
	Photoresist
9.	Nonferrous metal target materials
10.	Scanning Electron Microscope and Transmission Electron Microscope

Schedule (Tentative)

- End of October : Promulgation (to be enforced after two months)



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1.3 Outreach to SMEs

Guidance and Information meetings for awareness raising

- **The latest version of the Guidance was published in May 2024**
https://www.meti.go.jp/policy/anpo/seminer/shiryo/guidance_english.pdf
- **Information meetings on export control rules**
(cooperation with commercial and industrial associations, chambers of commerce, SME business organizations)

Expert Dispatch Program for enhancement of self management

- **Upon request, the government dispatches experts.**
- **Japan Chamber of Commerce and Industry (JCCI) provides consultation service with the support of the expert dispatched from the government.**



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1.4 Outreach to Academia (Awareness Raising)

Guidance, E-learning, and information meetings

- **The latest version of the guidance was published in February 2022**
http://www.meti.go.jp/policy/anpo/law_document/tutatu/t07sonota/t07sonota_jishukanri03_eng.pdf
- **E-learning and near miss case examples**

I. **Activities and research areas**

- admission, international conference, international collaborative research
- 54 critical research areas

II. **Compliance role models**

- top-down management system
- areas of responsibility to be undertaken by professors and administrative sections

III. **Document templates / formats**

- ICP forms
- check and review sheet





1.4 Outreach to Academia (Enhancement of Self Management)

Expert dispatch program

- Upon request from academia, the government dispatches experts at the expense of the government

On-site consultation

- The government dispatches officials to academia that has little knowledge of strategic trade management.

A Case of Private Medical University (lack of self-management mechanism of export control)

The government sent an on-site consultation team to the faculty staff members who were responsible for export control in the university.



The university initiated to prepare for introduction of self-management mechanism with the support of the adviser who was sent through the expert dispatch program.



The government sent the on-site consultation team again for further discussion with the executive level of the university. After that, the university formally decided to introduce a new improved self-management mechanism of export control.

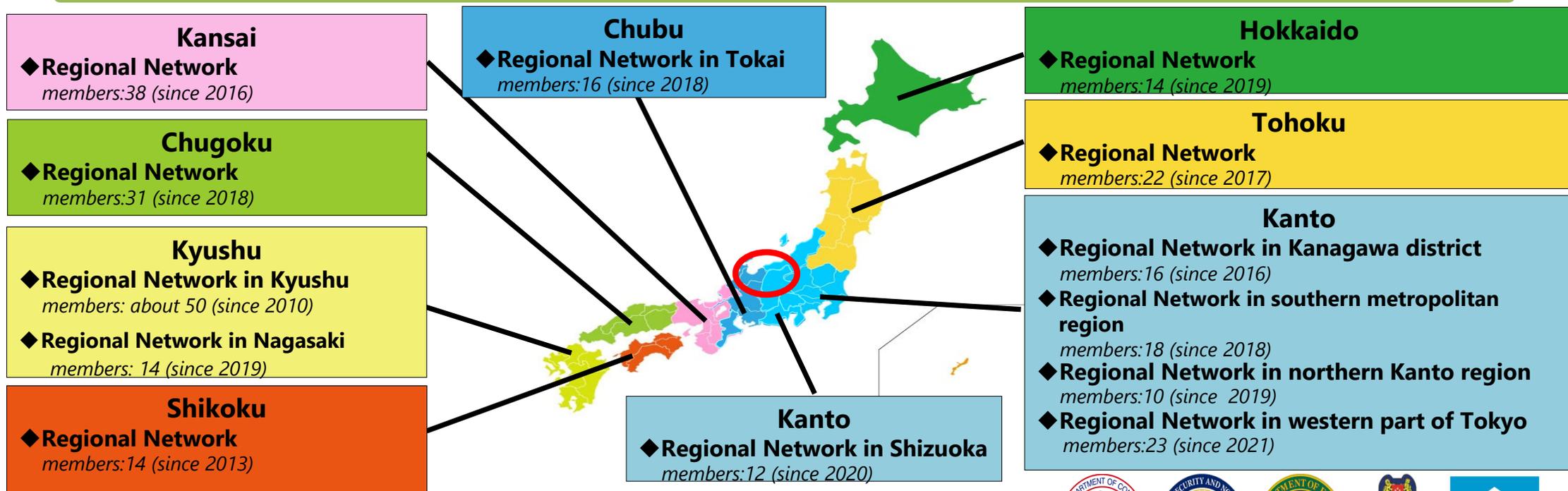




1.4 Outreach to Academia (Networking)

Networking

- More than 200 universities join in one of the 13 university networks in 8 regions across Japan.
- The National Research and Development Agency established a network of export control officers in November 2018.



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1.5 Case Study: Machine tools

Only listed item's approach might limit our imagination...

New approaches might be:

- **Instruction on subsidiary company overseas**
- **careful checking against end user**
- **enforcement coordination**
- **transfer detection unit to machine tools**

Western machine tools
evade sanctions to fuel
[redacted]'s nuclear program

Suspicions emerge that [redacted] is diverting advanced technology from Western countries to its nuclear development efforts -- not just the latest U.S. chips but also machine tools, dubbed "mother machines."

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Source: Nikkei

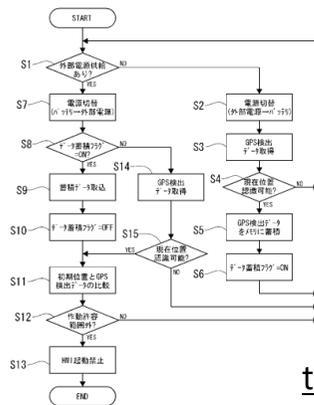




1.5 Case Study

Attachment of transfer detection unit to machine tools

- ◆ Elements of transfer detection unit are as follows:
 - (1) Accelerometer
 - (2) Angular velocimeter
 - (3) Electrical Circuits with password
- ◆ If **an end-user moves the machine tools without notice** to exporter or original seller, **the machine will not work.**
- ◆ The user needs to contact the original seller in order to **restart the machine tools by inputting password.**



transfer detection unit



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2.1 Sanctions (Russia and Belarus)

As of 21st June, 2024

Export prohibition

- (1) Listed items in the multilateral export control regimes (Russia and Belarus) [Enforced on 18 Mar. 2022]
* Dual-use goods such as machine tools, carbon fibers, high-performance, semiconductors, and their technologies
- (2) Unlisted dual-use items which could be considered for the development of military capacity (Russia and Belarus)
* General Dual-use goods such as semiconductors, computers, telecommunication equipment, and their technologies
[Enforced on 18 March 2022][Items added on 3 Feb. 2023]
- (3) Items related to chemical and biological weapons(Russia) [Enforced on 7 Oct. 2022][Items added on 3 Feb. 2023 (Russia only)]
* Substances for raw materials of chemical weapon agents and Equipment for production of chemical weapon agents and biological agents
- (4) Export prohibition to military-related entities (Russia and Belarus) [Enforced on 18 Mar. 2022,][57 Russian entities added on 28 Jun. 2024]
* Russian 537 entities such as Ministry of Defense of Russia or Russian aircraft manufacturer, and Belarusian 27 entities
- (5) Export prohibition to military-related entities (countries other than Russia and Belarus) [Added on 28 Jun. 2024]
* UAE 2 entities, Armenia 1 entity, China 7 entities, India 1 entity, Kazakhstan 1 entity, Syria 1 entity, Uzbekistan 3 entities
- (6) Items related to the development of advanced technology (Russia) [Enforced on 20 May 2022]
* Items such as quantum computers, additive manufacturing equipment, and their technologies
- (7) Items which could contribute to the enhancement of Russian industrial capacities to Russia
* Items such as dump trucks, aircraft engines, automobiles(exceeding 1,900cc),hybrid cars, automotive lubricants
[Enforced on 17 Jun. 2022]][Items added on Apr. 17 2024]
- (8) Items related to oil refinery (Russia) [Enforced on 18 March 2022][items added on 20 May 2022]
- (9) Luxury goods (Russia) [Enforced on 5 Apr. 2022]
* Items such as luxury cars, jewelry

Import prohibition

- (10) Certain goods from Russia [Enforced on 19 Apr. 2022][Added on 10 May 2024]
* Alcoholic beverages, woods, crude oil and petroleum products above the price cap, non-industrial diamonds[direct and indirect import]

Export and Import prohibition

- (11) To ban exports and imports bans with the self-proclaimed “Donetsk People's Republic (DPR)” and “Luhansk People's Republic (LPR).” [Enforced on 26 Feb. 2022 (Import) and on 18 Mar. 2022 (Export)]





2.1 Sanctions (Russia and Belarus)

- Japan, in coordination with EU, UK, and US, **identified dual-use goods used in Russian military systems** found on the battlefield in Ukraine and grouped into a list of **“Common High Priority Items”**.
- Japan has banned the export of all 50 items on the List to Russia.

	Common High Priority Items	HS Codes
Tier 1 (4 items)	Integrated circuits (microelectronics)	8542.31, 8542.32, 8542.33, 8542.39
Tier 2 (5 items)	Electronics items related to wireless communications	8517.62, 8526.91, 8532.21, 8532.24, 8548.00
Tier 3.A (16 items)	Discrete electronic components, electrical plugs and connectors, navigation equipment and digital cameras	8471.50, 8504.40, 8517.69, 8525.89, 8529.10 8529.90, 8536.69, 8536.90, 8541.10, 8541.21 8541.29, 8541.30, 8541.49, 8541.51, 8541.59 8541.60
Tier 3.B (9 items)	Mechanical and non-electronic components, such as bearings and optical components	8482.10, 8482.20, 8482.30, 8482.50, 8807.30 9013.10, 9013.80, 9014.20, 9014.80
Tier 4 (11 items)	Manufacturing equipment for production and quality testing of electric components and circuits	8471.80, 8486.10, 8486.20, 8486.40, 8534.00 8543.20, 9027.50, 9030.20, 9030.32, 9030.39 9030.82
Tier 4.B (5 items)	Computer Numerical Control (CNC) machine tools for the manufacturing of complex high precision metal components	8457.10, 8458.11, 8458.91, 8459.61, 8466.93



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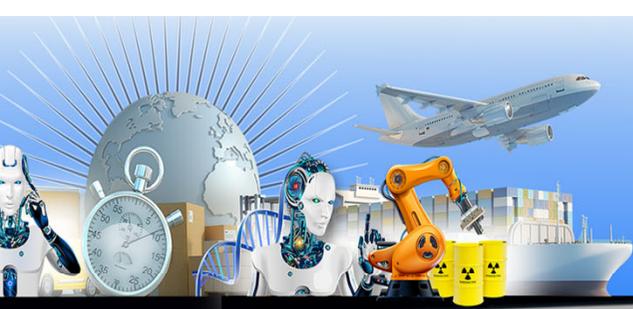
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2.2 Sanctions (North Korea)

Measures		Date of Entry into Force	Competent Authority
Trade Restrictions	Ban on all exports to North Korea	June, 2009	METI
	Ban on all imports from North Korea	Oct., 2006	
Financial Restrictions	Ban on the transfer of funds to persons or entities related to North Korea's missile programmes or other WMD programmes	Sep., 2006	MOF (trade-related payment: METI)
	Ban on payment to North Korean residents and foreign entities acting on their behalf (except for the payment of 100,000 yen or less to natural persons)	Feb., 2016	
	Notification required when carrying cash of more than 100,000 yen to North Korea	July, 2010	MOF
Denied Entry	Ban on the entry of North Korean citizens	Oct., 2006	MOJ Ministry of Justice
	Denial of re-entry of foreign crew members and foreign citizens residing in Japan who violated the trade and financial measures against North Korea	June, 2009	
Travel Restrictions	Request to all residents not to visit North Korea	July, 2006	MOFA
Transport Restrictions	Ban on charter flights between Japan and North Korea	July, 2006	MLIT Ministry of Land, Infrastructure, Transport and Tourism
	Ban on the entry of all North Korean flag vessels	Oct., 2006	
Cargo Inspection	Inspection of cargo shipped to or from North Korea deemed to carry items prohibited by the UN resolutions	July, 2010	





2.2 Sanctions (North Korea)

1. **Ban on all exports of goods** destined for NK
2. **Ban on all imports of goods** originating in or shipped from NK
3. To ensure the enforcement of these restrictions, the following transactions shall be banned:
 - i. Transactions involving buying/selling, loaning/borrowing, or giving of goods that involve the movement of the goods between NK and third countries (intermediate trade)
 - ii. Payments of import bills for goods originating in or shipped from NK which are imported without import approval
4. Goods exported for humanitarian purposes are exempt from the above restrictions.

METI has decided to extend the ban for 2 years on all exports destined for North Korea, and all imports originating in or shipped from NK, in line with the “Measures against North Korea Pursuant to the Foreign Exchange and Foreign Trade Act” (decided by the Cabinet on April 7, 2023).





Thank you for your attention.