

# Security Export Control Handbook

10<sup>th</sup> Edition (2019)



**That export! That technology!**

**Just a minute!**

<http://www.meti.go.jp/policy/anpo/>

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Security Export Inspection Office, Trade Control Department,  
Trade and Economic Cooperation Bureau, Ministry of Economy,  
Trade and Industry

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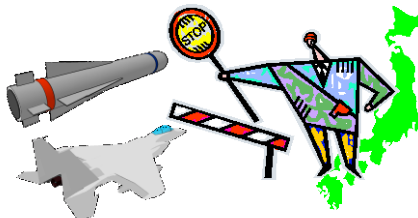
# What Is Security Export Control?

<http://www.meti.go.jp/policy/anpo/>

**Security Export control, also known as export control, is a means of maintaining international peace and security.**

○ In addition to weapons themselves, the purpose of security export control is to prevent high-performance machine tools, bacteria that can be used to make biological weapons, or other materials that can be diverted for military use from falling into the hands of developers of weapons of mass destruction (WMD),\*<sup>1</sup> terrorist groups, or others who might carry out activities of concern.

○ Japan and the rest of international society are united in security export control efforts, which for Japan are also one of measures to prevent attacks by other countries or terrorists.



# Japan's Export Regulations

In Japan, export control is carried out based on the FEFTA.\*<sup>2</sup> Prior licensing\*<sup>3</sup> is required before exporting to which the following controls are applicable.

## List Control

😊 Key Point !

### ■ Export of goods covered by List Control goods (page 3)

The following are listed as controlled goods.

- Weapons\*<sup>4</sup> themselves
- Dual-use goods having high performance that may be diverted to use as weapons or parts of weapons
- Dual-use goods having high performance that may be used in weapons development, etc.

## Catch-All Control

😊 Key Point !

■ In exporting goods other than List Control goods (excluding wood, food, etc.), in case there are concerns about weapons development based on their end use or end user

## List Control Goods / Technologies

**Listing 15 categories of weapons and dual-use goods having high performance that may be used in weapons development.**

○ The technical specifications of the following List Control goods are given in the relevant Ministerial Order.\*<sup>5</sup> Classification is made as to whether the specifications of the item to be exported are subject to technical specifications given in the Order.

**\* As regards the Ministerial Order which stipulates the technical specifications, please see the Goods/Technologies Matrix Table. (The Matrix Table can be downloaded from the location indicated on page 13.)**

- (1) Arms: Firearms, military bacterial warfare agents, military searchlights, etc.
- (2) Nuclear Power: Nuclear fuel materials, nuclear reactors, artificial graphite, direct current power units, etc.
- (3)-1 Chemical Weapons: Raw materials for toxic substances, corrosion-resistant heat exchangers, valves, pumps, reactors, storage vessels, etc.
- (3)-2 Biological Weapons: Raw materials for making bacterial warfare agents, cross-flow filters, freeze dryers, airtight fermentation chambers, etc.
- (4) Missiles: Rockets, integrated circuits that can be used in unmanned aerial vehicles, accelerometers, vibration testers, etc.

- (5) Advanced Materials: Superconductive materials, organic fiber, ceramic composites, etc.
- (6) Material Processing: Numerically-controlled machine tools, robots, measuring equipment, etc.
- (7) Electronics: High-voltage capacitors, integrated circuits, semiconductor substrates, frequency analyzers, etc.
- (8) Computers: High-performance computers
- (9) Telecommunications: Encryption equipment, special communication equipment, etc.
- (10) Sensors and Lasers: Optical fibers for use in sensors, optical equipment, special-function cameras, etc.
- (11) Navigation Devices: Inertial navigation systems, equipment for receiving radio waves from satellite navigation systems, etc.
- (12) Marine: Submersible vessels, underwater robots, etc.
- (13) Propulsion Units: Gas turbine engines, artificial satellites, unmanned aerial vehicles, etc.
- (14) Miscellaneous: Metallic fuel in powder state, electric braking shutters, etc.
- (15) Sensitive Items: Radio wave absorbers, underwater acoustic equipment, etc.

# What Is Catch-All Control?

**Export of goods that do not fall under List Control is regulated based on their end use and end users.**

○ The following must be confirmed regarding goods that are not subject to List Control, and if any of the conditions apply, licensing must be obtained prior to exporting. (Goods destined for “preferred trade partner list countries” are not subject to Catch-All Control.\*6)

## End-use condition

😊 Key Point !

Is there any concern that goods exported from Japan could be used for development of weapons of mass destruction or conventional weapons?\*7

## End-user condition

Is (or was) the recipient or end user of goods exported from Japan engaged in development of weapons of mass destruction? 😊 Key Point !  
(Special caution is necessary in the case of exports to institutions named on the Foreign End User List.\*8)

Even when none of the above applies, a license must be obtained prior to export in cases when notification was received from the Ministry of Economy, Trade and Industry that a licensing must be obtained (“informed” condition).

# Technology Transfer

😊 Key Point !

Not only export of goods but also technology transfer is subject to control under the FEFTA.

○ Technology is classified into design, manufacture, and use.

😊 Key Point !

○ When technology relating to List Control goods (page 3) (List Control technologies\*9) is transferred to foreign nationals (non-residents\*10), or when Catch-All Control concerns (page 4) are recognized regarding the end use or end user of the transferred technology, that transfer must be licensed in advance.

○ Also, technology transfer to residents of Japan must be licensed in advance in certain cases. These cases include transactions for the purpose of transferring List Control technologies to a foreign country, or when the purpose at the time of transfer is re-transfer in a foreign country.

The objects of export control under the FEFTA are



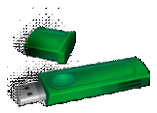
**Goods and Technologies**



# Forms of Technology Transfer

Technology exchanges subject to control under the FEFTA often include acceptance of students from abroad, or participation in joint research.

- Technology transfer is not limited to handing over technical information such as designs, specifications, manuals, samples, or prototypes, by paper, email, or on media such as optical disks or USB memory. It can also take place as working knowledge provision through technical guidance or skills training, as technical support in seminars, and in many other forms.
- the specifications presented when ordering research equipment (of a performance level subject to control) from foreign companies are one of the technologies subject to control.



## Points of caution when conducting research

### Cases requiring caution (1)

#### When conducting research on List Control goods

For example, providing related technology when conducting research on carbon fiber, metals, jet engines, spacecraft, robots or other items subject to control

### Cases requiring caution (2)

#### When licensing is required even for technology transfer in Japan

For example, providing technology covered by controls to a non-residential international student or researcher, or a Japanese person temporarily returning to Japan from abroad.

## Licensing of Exports and Technology Transfer

Obtain a license in advance before exporting goods or transferring technologies covered by controls.



### Step 1

Confirm whether the goods or technologies are subject to List Control.

### Step 2

If not subject to List Control, confirm whether the goods or technology are subject to Catch-All Control (end use condition, end user condition).

### Step 3

If any of the controls apply, prepare the necessary documents and carry out the procedures for license application to Ministry of Economy, Trade and Industry.

- If you have questions about the procedures, please inquire at [the Security Export Licensing Division](#) (page 15).
- See pages 11 and 12 for details of the procedural flow.

## Compliance Program for Exporters

These are items that entities engaged in repetitive or continual export, etc.\*11 of List Control goods must comply with.

(Those not dealing with List Control goods must at least comply with the underlined matters.)

- (1) Assigning a person who represents the organization regarding export control.
- (2) Defining an export control structure (job allocation, assignment of responsibilities).
- (3) Appointing a person responsible for classification. Also, establishing procedures for classification.
- (4) Establishing procedures to confirm end-use and end-user in export of List Control goods, etc., and conducting them accordingly.
- (5) Ensuring identification of the goods with goods already classified, at actual shipment.
- (6) Making effort to establish procedures for export control audit and implement them.
- (7) Providing necessary guidance to the people responsible for classification and those engaged in export, etc. Also, making efforts to provide training.
- (8) Making efforts to keep export control documents for an appropriate period.
- (9) In case of violation of the regulations, immediately reporting to the Minister of Economy, Trade and Industry and taking necessary measures to prevent a recurrence.

# Punishment for Violations

Exporting control goods or transferring technologies without obtaining a license is a violation of the FEFTA, and may be subject to punishment based on the Act.

## ○ Criminal punishment

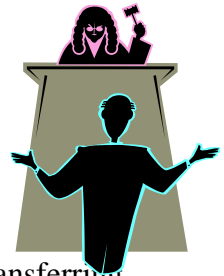
- Corporations may be fined a maximum of 1 billion yen, and individuals up to 30 million yen, or fined up to five times the value of the exported goods or transferred technology.
- Imprisonment for up to 10 years

## ○ Administrative sanctions

- Up to 3 years prohibition from exporting goods or transferring technology

## ○ Societal sanctions

- In addition to criminal punishment and administrative sanctions, loss of trust and other societal sanctions may be inevitable.



## Examples of Violations

**Failure to exercise due caution can lead to unwittingly committing violations.**

○ Even apart from deliberate and malicious illegal exports, there are examples where violations were committed due to insufficient knowledge or caution.



- Did not know about the regulation
- Did not know that technology transfer is subject to control
- Depended on someone else's classification
- Did not notice that the export license had expired
- Believed that exemptions in the laws and regulations were applicable
- Thought licensing was unnecessary because it was not something used in weapons

### 〈Case 1〉

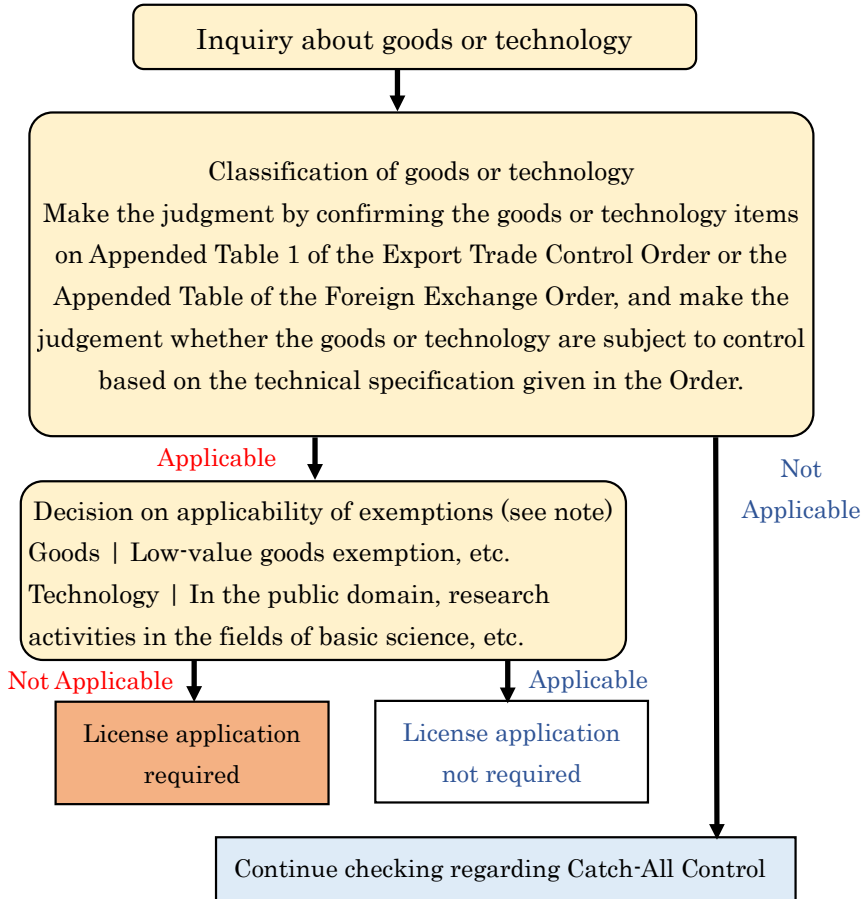
- Purchased a thermal imaging camera (List Control goods No. 10 (4)) from a manufacturer for geological survey studies. Took it

out of the country in hand luggage without a license, for lending to an overseas university.

## **〈Case 2〉**

- When exporting a framing camera (No. 10 (4)) for research abroad, declared it as 100 thousand yen and applied the low-value goods exemption. Since, however, the actual purchase price was 8 million yen, the exemption was not applicable and ended up being an unlicensed export.

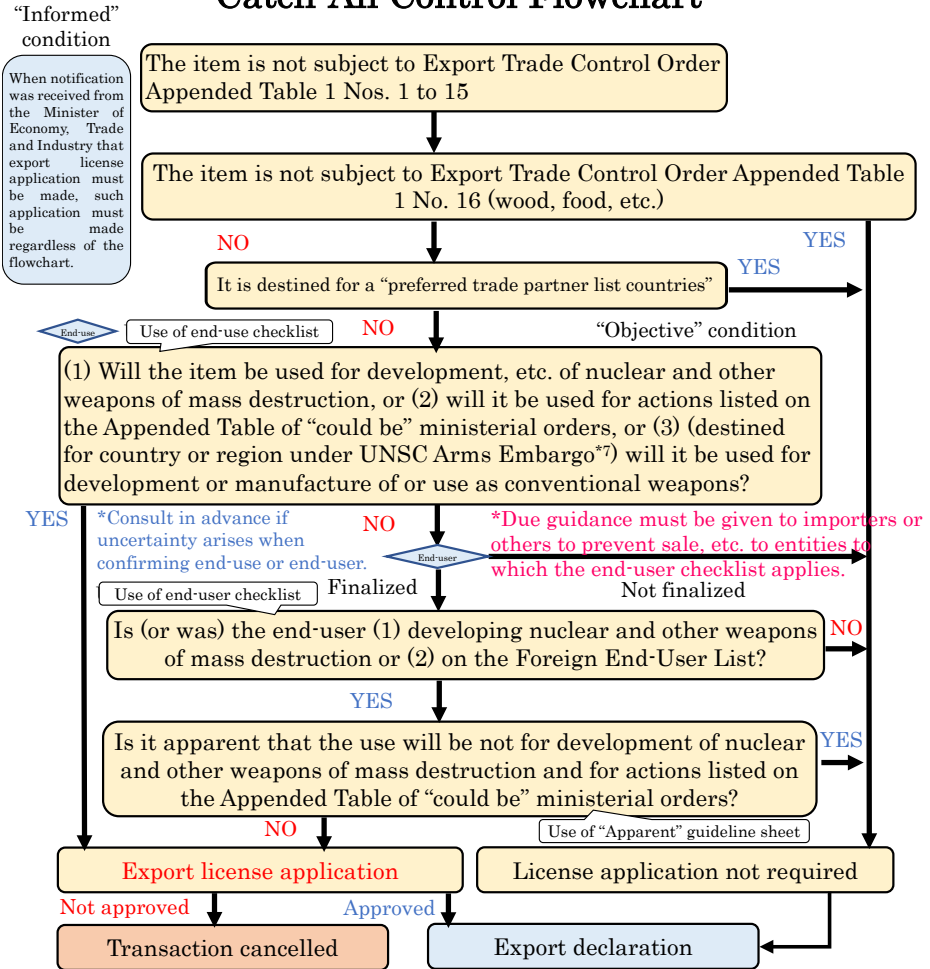
## List Control Flowchart



To next page

Note: For details on deciding whether exemptions apply, see the reference materials listed in information on explanatory sessions (see page 13).

# Catch-All Control Flowchart



\*In the case of technology transfer, refer to this flowchart by reading “item” as “technology,” “export” as “transfer,” and “Export Trade Control Order Appended Table 1” as “Foreign Exchange Order Appended Table.”

\*The end use checklist and other documents can be obtained from the export control website at “Objective Condition, Apparent Guideline Sheet (Reference)(Japanese).”

\*The Reference 1 and 2 flowcharts are examples. The actual procedures are left up to each exporter, etc.



# Website and Other Contacts

Ministry of Economy, Trade and Industry has a website on export control and provides contact points for various consultations (page 15).

○Be sure to make use of the website on security export control for an outline of the system and export license application procedures, etc.

<https://www.meti.go.jp/policy/ampo/>

The screenshot shows the homepage of the 'Export Control' website. The header includes the logo and the text '安全保障貿易管理' (Security Export Control) and 'Export Control'. Navigation links for 'TOPICS', 'サイトマップ' (Site Map), and '用語の手引き' (Glossary) are visible. The main content area is divided into several sections:

- 安全保障貿易管理の概要** (Overview of Security Export Control): Includes a link for '制度の概要を知りたい方はこちら' (Click here if you want to know the overview of the system).
- 申請手続き** (Application Procedures): Includes a link for '許可申請を行おうとする方はこちら' (Click here if you want to apply for a license).
- 企業等の自主管理の促進** (Promotion of Self-Management of Enterprises): Includes a link for '輸出者等遵守基準や輸出管理内部規程について知りたい方はこちら' (Click here if you want to know about export control standards and internal regulations).
- 関係法令** (Related Laws): Includes a link for '関係法令の条文や規制対象の品目を調べたい方はこちら' (Click here if you want to check the text of related laws and regulated items).
- 電子申請** (Electronic Application): Includes a link for 'キーワードで調べる' (Search by keyword).
- 新着情報** (Latest Information): A list of recent updates, including '平成29年8月16日 説明会' (Explanation session on August 16, 2017) and '平成29年8月10日 その他' (Other news on August 10, 2017).

Annotations on the screenshot highlight specific features:

- License application forms, etc.:** Points to the '申請手続き' (Application Procedures) section.
- Matrix table giving technical specifications of List Control goods / technologies:** Points to the '外為法改正 | 貨物・技術のマトリクス表 | 輸出管理内部規程 | 輸出者等遵守基準 | 外国ユーザーリスト | 参考情報 | 政省令・EU規制番号対比表 |' (Foreign End User List) link.
- Foreign End User List:** Points to the '外国ユーザーリスト' link.
- Information on explanatory sessions:** Points to the '説明会' (Explanation session) link in the '新着情報' section.

The right sidebar contains a '安全保障貿易管理の概要' (Overview) section with links for '申請手続き' (Application Procedures), '企業等の自主管理の促進' (Promotion of Self-Management of Enterprises), '事後審査(外為法違反について)' (Post-licensing review), '説明会' (Explanation session), '関係法令' (Related Laws), 'Q&A', 'リンク集' (Link Collection), and 'ENGLISH PAGE'. The bottom right corner features the '経済産業省' (Ministry of Economy, Trade and Industry) logo and contact information, including the address '東京都千代田区霞が関1丁目3番1号' and the phone number '03-3501-2801'.

## References and Notes

- \*1 **Weapons of mass destruction:** Nuclear weapons, chemical and biological weapons, and the rockets and unmanned aerial vehicles for transporting them
- \*2 **FEFTA:** Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949)
- \*3 **Licensing:** Approval by the Minister of Economy, Trade and Industry based on the FEFTA
- \*4 **Weapons:** Weapons of mass destruction (WMD) and conventional weapons
- \*5 **Ministerial Order:** Ministerial Order Specifying Goods and Technologies Pursuant to the Provisions of the Appended Table 1 of the Export Trade Control Order and the Appended Table of the Foreign Exchange Order (Ministerial Order of International Trade and Industry No. 49)
- \*6 **“Not subject to Catch-All Control”:** Export of food and wood products, etc., and exports to 26 countries (US and Europe, etc.) that implement strict export controls (“preferred trade partner list countries”), are excluded from Catch-All Control.

“Preferred trade partner list countries” (26 countries)

Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxemburg, Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, UK, and USA

- \*7 **Confirming end use of conventional weapons:** Confirming the end use of conventional weapons is necessary only when exporting to nations under United Nations Security Council Arms Embargo (Complementary Export Control for Conventional Weapons).

Countries/regions under UNSC Arms Embargo (10 countries and regions (as of August 2017))

Afghanistan, Central African Republic, Democratic Republic of the Congo, Eritrea, Iraq, Lebanon, Libya, North Korea, Somalia, and Sudan

- \*8 **Foreign End User List:** A list of institutions, etc. of concern provided

by the Ministry of Economy, Trade and Industry

\*9 **List Control technology:** Technologies to which any of items 1 to 15 on the Appended Table of the Foreign Exchange Order is applicable

\*10 **Non-resident:**

Foreign nationals

- (1) Persons residing outside Japan
- (2) Persons engaged in official duties of a foreign government or international organization
- (3) Diplomats, consuls or their accompanying staff or retainers (only those appointed or hired outside Japan)

Corporations or Legal persons

- (1) A foreign company located in a foreign country
- (2) An overseas branch, local office or other office of a Japanese company located in a foreign country
- (3) A diplomatic office of a foreign government or an international organization located in Japan

Japanese

- (1) Persons who have left Japan and are staying in another country for the purpose of working at an overseas office
- (2) Persons who have left Japan and are staying in another country for the purpose of residing abroad for two years or longer
- (3) Persons residing in another country for two years or longer after leaving Japan
- (4) Of the persons in (1) to (3) preceding, those returning temporarily to Japan whose period of stay in Japan is less than six months

In addition, members of the US armed forces or armed forces of the United Nations

Source: Ministry of Finance notice, “About Interpretation and Implementation of the Foreign Exchange Laws and Regulations (Excerpt)”

\*11 **Export, etc.:** Export of goods and transfer of technology

# ○ Contact points for Export Licensing Application and Consultations



- For questions about the Three Principles on Transfer of Defense Equipment and Technology or the Foreign End User List, or comments about security export control policies in general or about the website

Security Trade Control Policy Division	03-3501-2863
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- For an overview of the security export control system or inquiries about legal interpretation, etc.

Security Export Control Administration Division	03-3501-2800
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- Applications procedures, or prior consultation on Catch-All Control or classification, etc.

Security Export Licensing Division	03-3501-2801
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- Consultation on the Internal Compliance Programs (ICP), or reporting of illegal exports

Security Export Inspection Office	03-3501-2841
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- General inquiries about export control

Security Export Control Information Counter	03-3501-3679
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## **Security Export Control Handbook**

May 2007	1st Edition
March 2008	2nd Edition
February 2010	3rd Edition
August 2011	4th Edition
January 2012	5th Edition
April 2012	6th Edition
September 2012	7th Edition
September 2014	8th Edition
October 2017	9th Edition

### **Inquiries:**

1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8901 Japan  
Security Export Inspection Office, Trade Control  
Department, Trade and Economic Cooperation Bureau,  
Ministry of Economy, Trade and Industry

TEL: 03-3501-2841

<https://www.meti.go.jp/policy/anpo/englishpage.html>