

On the Update to the Application of Export Controls to the Republic of Korea

Misconceptions Regarding the Implementation of Export Controls

—Accurate Understanding Avoids Confusion!—

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CISTEC Office

Extreme Misconceptions and Assumptions Cause Confusion

- **In the absence of basic understanding of export controls, extreme misconceptions in both Japan and the Republic of Korea (ROK) are escalating incorrect statements, leading to the current confusion.**

(For example) “It’s an embargo,” “By exclusion from the whitelist, all of exports to that country would require the license.”

“Under catch-all control, many items designated by the government will require license applications,” and so on.

⇒ It is clear these views are totally wrong in terms of the common sense of people actually working in the export control field.

- **Japanese exporters are the ones who must acquire licenses**

⇒ The export control departments of Japanese companies practicing appropriate self-management are not worried in the first place.

⇒ They have a good record of exporting various items smoothly, including subjects of both individual and bulk export licenses, to all regions of the world.

⇒ Even if the ROK is removed from the whitelist, exports to ROK will still be able to proceed smoothly, as they do to countries participating in international export control regimes.

⇒ Special general bulk and special bulk licenses can be still used. Even individual licenses, where preparation and scrutiny of various documents is required, will get on track shortly.

* It should be noted the cooperation by the ROK companies is necessary for preparing documents such as end-use and end-user descriptions, certificates etc.

- **Extreme misconceptions and assumptions, which stoke crisis and expand confusion, do nothing but harm, not just to Japan and the ROK, but also to the global economy.**

- **Exports will be under way shortly. There is no possibility of impact on international supply chains.**

Three items to the ROK are now subject to individual licensing!?

An embargo in principle!?
Quantitative restrictions?!

Every item,
regardless of
specs?!

Per each
shipment?!

Every export
takes 90 days!?

Will we be able to
supply local factories
in third countries?

NO! NO!

This cannot happen!
Licenses will be issued promptly if
there are no concerns

Are people confusing this
with
US Entity List operation?

Limited to
advanced items,
based on
international
export control
regime
agreements

Per each contract!
The period of
validity of a license
is 6 months, in
principle (and may
be longer)

Goods loaded
within the period
are covered

90 days is the standard
processing period. If
there are no concerns, it
will not take even that
long.

Scrutiny becomes more careful
if concerns cannot be eliminated
or/and military use is involved,
etc.

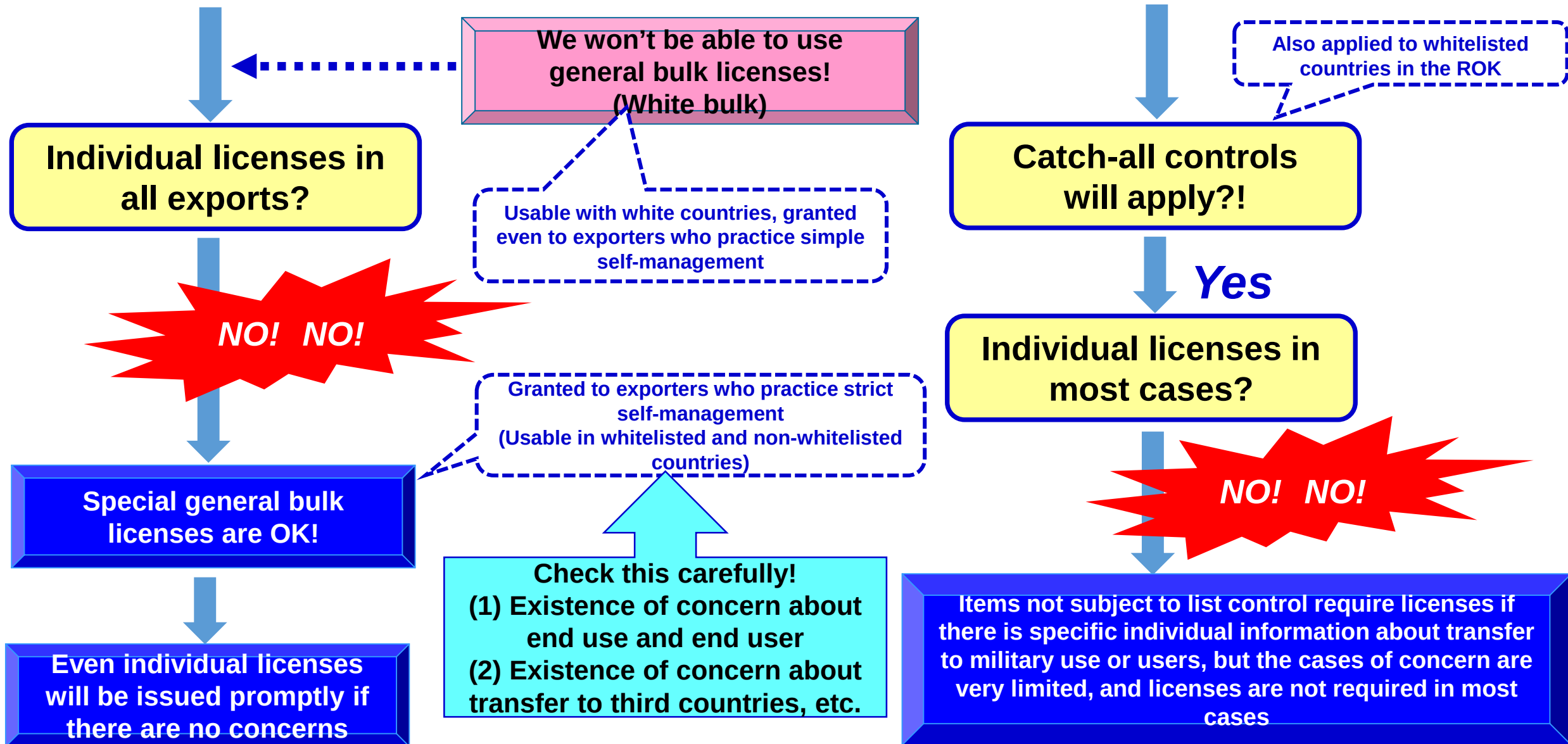
(1) Naturally, the end
use and end user
should be within the
ROK.

(2) If supply to a third
country is the intent
from the start,
licenses must be
acquired on that basis

**These are common sense for those working in the field of national security export controls.
Such misconceptions are untenable!**

There is no possibility of impact on international semiconductor supply chains!

Exclusion from the whitelist... !?



Fundamental Misconceptions Which Particularly Invite Harm and Confusion

—The Meaning and Operation of Catch-all Controls—

Media report example 1: “From August 28, the Ministry of Economy, Trade and Industry will be able to perform individual review for license on exports of almost all items to the ROK”

Media report example 2: “In a wide range of items, such as screws and ferrous metals not under list control, it will become necessary to get individual licenses if METI has determined that there is potential for diversion to military use.”



1. Catch-all control means individual exports of non-listed items requires license **if there is specific individual information of concern** indicating the strong possibility of use for the development of weapons of mass destruction or of military use.
(Example 1) There is information indicating that goods to pass through customs clearance are used for missile development in Nation A.
(Example 2) There is information indicating that a product of Company B is used for chemical terrorism by a terrorist group in Nation C.
2. Reporting to the effect that licensing will be required for all non-listed items, regardless of the exporter or whether there is any specific information of concern, is entirely incorrect.
3. Case with specific individual information of concern, is extremely limited, and licenses are not required in most cases.

Reference 1

Trade

Security

WTO

“Japan practices security export control under the Foreign Exchange and Foreign Trade Law, on the basis of these Security Council Resolutions, international treaties, and international export control frameworks. There is concern over nuclear development by North Korea, Iran, and other nations. If the advanced goods and technologies in the possession of Japan and other countries were employed by such countries for purposes such as the development of weapons of mass destruction, that would pose an enormous threat, not just to Japan, but to international society. Therefore, it is essential to prevent that menace through stringent security export control. Furthermore, GATT Article XXI permits security exceptions on the basis of that perspective.” (From “Unfair Trade White Paper, 2016 edition, p262-263, Column: Security export control,” Ministry of Economy, Trade and Industry)

Security export control

UN Security Council Resolution 1540 (2004)

Export controls etc. to prevent the proliferation of weapons of mass destruction, military use, and terrorism use are legal obligations of UN member nations.

International export control regime

Nuclear ('78 -) 48 countries (NSG)
Biological and chemical ('85 -) 42 countries (AG)
Missiles ('87 -) 35 countries (MTCR)
Conventional weapons ('96 -) 42 countries (WA)
<Prevention of the unauthorized use and third-country re-transfer of items>

* The decision whether individual or bulk licenses is at the discretion of each country

**■ On the Update of the Application of Export Controls
to the Republic of Korea
Basic Interpretation Regarding the Implementation of
Japan's System of Export Controls
(ver.2:August 7, 2019)**