

(Tentative translation)

Security Export Guidance [Introduction]

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Second Edition | January 2025



Note: The tentative translation is unofficial and to be used solely as reference materials to aid in the understanding of Japanese original text. Trade Control Department of Ministry of Economy, Trade and Industry is not responsible for the accuracy, reliability or currency of translation in this translation.

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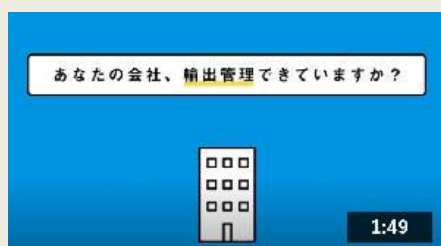
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Please watch the videos before reading the Guidance [YouTube]. (Japanese)

To better understand the content of the Guidance, we recommend that you first watch the following videos. The following videos outline and explain the security export control system and its practices in an easy-to-understand manner.

Video (1) | Export Control for Small and Medium-sized Enterprises [Overview] -To Avoid Violations of the Foreign Exchange and Foreign Trade Act (FEFTA)-

Explanation of the importance of security export control



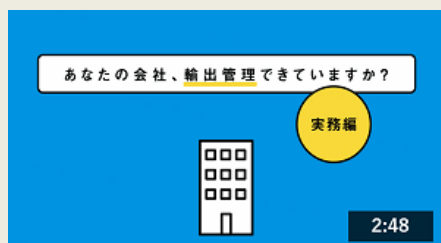
Watch it here!



<https://www.youtube.com/watch?v=hPIL2tEiCJs&list=PLcRmz7bR5W3mqeQ2ICi58mnaVCiaByYHL&index=5>

Video (2) | Export Control for Small and Medium-sized Enterprises [Practical Application] -The Three Pillars of Export Control-

Explanation of the three important export control procedures ((1) classification, (2) transaction screening, and (3) shipping control)



Watch it here!



<https://www.youtube.com/watch?v=k9fsqVJaKFk&list=PLcRmz7bR5W3mqeQ2ICi58mnaVCiaByYHL&index=1>

CHAPTER 1 PURPOSE OF THIS GUIDANCE

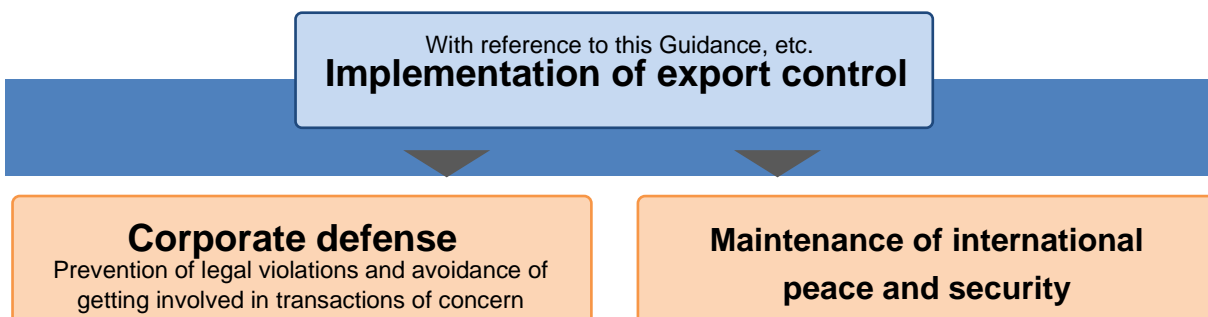
With international community, the security export control (export control) is implemented cooperatively by each country to prevent advanced goods and technologies of developed nations from falling into the hands of countries of concern that are involved in the development or manufacture of weapons of mass destruction (WMD), or to organizations of concern, such as terrorists.

As the security environment has become more severe in recent years and with the expansion of human exchange and the progress of globalization, the importance of export control has become more important than ever. Anyone who exports as a business, including not only large corporations, universities, and research institutions, but also small and medium-sized enterprises (SMEs), must properly implement export control in compliance with laws and regulations. Proper implementation of export control will not only prevent violations of the regulations, but also will reduce the risk of being caught up in transactions of concern.

However, many SMEs do not well recognize the necessity of export control due to a lack of knowledge of the regulations related to the Foreign Exchange and Foreign Trade Act, management resource issues, and other factors, preventing them from fully implementing internal export control system. For SMEs to recognize the necessity of export control, and to actually establish and strengthen the system, it is necessary not only to promote their awareness through seminars, but also to provide them with useful tools so that they can engage in export control even with limited resources.

Given the above, this Guidance has been formulated to promote efforts of SMEs to establish internal export control system by compiling regulations and practices in an easy way for exporters, etc. This Guidance explains the procedures for classification and transaction screening, and also provides examples of specific procedures in individual cases, practical manuals, and examples of various forms. It also describes matters which are not legally required but can be expected to be highly effective in ensuring legal compliance when implemented. Following the amendment of the Ministerial Order of the Compliance Standards for Exporters, etc., on November 18, 2021, and the clarification of "Deemed export controls" (both enforced on May 1, 2022), this Guidance was revised in March 2022 to reflect the revised regulations and ensure the thorough control of sensitive technologies, etc.

We hope that SMEs plan to or are already implementing export control, as well as companies other than SMEs, will refer to this Guidance and steadily implement and enforce export control.



(*) As this Guidance provides explanations by simplifying laws and regulations, it is recommended that you use this Guidance while also referring to the actual laws and regulations when making decisions in practice.

CHAPTER 2 EXPORT CONTROL REGULATIONS

I. BACKGROUND OF EXPORT CONTROL

(1) NECESSITY OF EXPORT CONTROL

Export control is necessary to prevent international threats, such as the transfer of sensitive dual-use goods and technologies of developed nations, including Japan, to countries or terrorists that may be engaged in the development, etc., of weapons of mass destruction¹, and the over-accumulation of conventional weapons.



If a company were to be involved in such a transaction (and the transaction were revealed on media, the company would not only face national and international criticism, but also suffer damage to its image, which could lead to a decline in business performance and even threaten the company's survival. Export control is essential from the perspective of avoiding such risks.

(2) PURPOSE OF EXPORT CONTROL

The purpose of export control is to maintain the peace and security of the international community, including Japan, and to avoid the risk of companies getting involved in transactions of concern.



(3) MEANS [INTERNATIONAL FRAMEWORKS]

To prevent the transfer of goods and technologies that can be potentially diverted to weapons or military use to any such person who might conduct activities of concern as a nation or terrorists who could threaten the peace and security of the international community including Japan, major nations in the world have set up international frameworks (international export control regimes) mainly consisting of developed nations to promote export control.



Overview of Export Control Regimes (As of December 2024)

	WMD-related			Conventional weapons-related
	Nuclear weapons	Biological/chemical weapons	Missiles	
Export control regimes	NSG 〔Nuclear Suppliers Group〕	AG 〔Australia Group〕	MTCR 〔Missile Technology Control Regime〕	WA 〔Wassenaar Arrangement〕
Year of establishment	1978	1985	1987	1996
Participating countries /organizations	48 countries	42 countries and the EU	35 countries	42 countries

¹Weapons of mass destruction (WMD) mean nuclear, chemical, biological weapons, and their delivery systems such as missiles and drones.

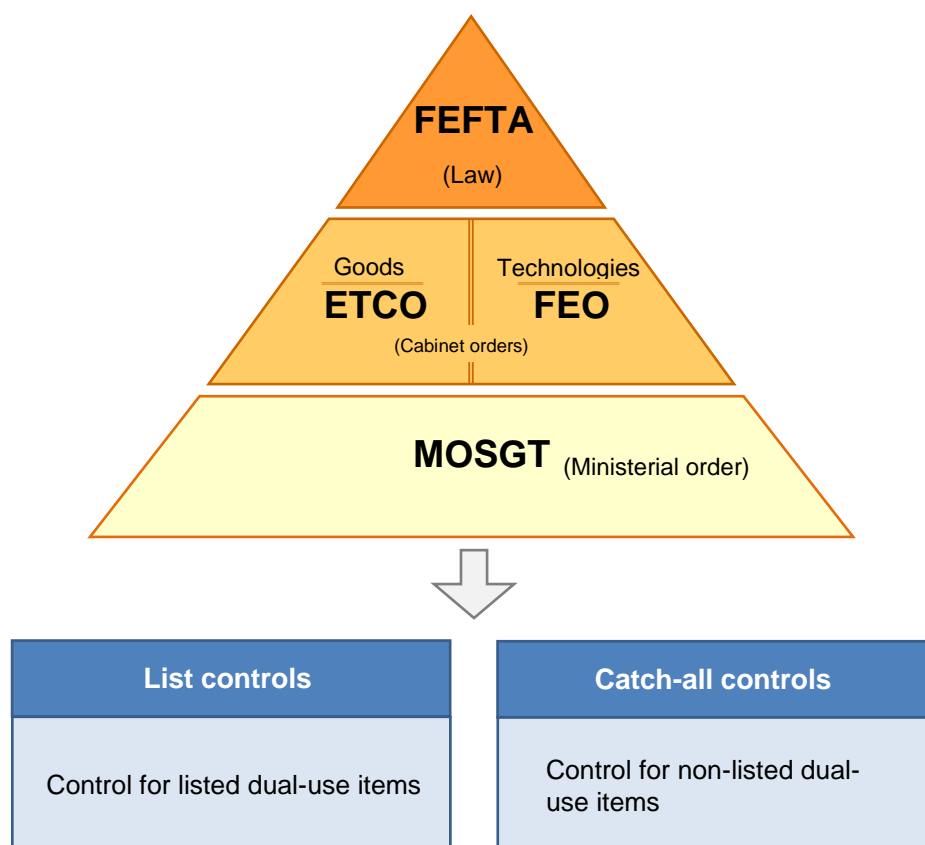
II. REGULATORY FRAMEWORK

Following the agreement in the international export control regimes, Japan's export control system is implemented based on the following regulations, including the FEFTA.

- ✚ Law: FEFTA².....Specifies regulations on export of goods and transfer of technologies
- ✚ Cabinet order: ETCO³.....Specifies the goods to be controlled
 FEO⁴..... Specifies the technologies to be controlled
- ✚ Ministerial order: MOSGT⁵.....Specifies the functions and specifications of the goods and technologies to be controlled



Japan enforces two types of controls under the FEFTA: "List controls" and "Catch-all controls." Any export of goods or transfer of technologies subject to these controls requires a license from the Minister of METI.



² FEFTA: Articles 25 and 48 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949)

³ ETCO: Appended Table 1 of the Export Trade Control Order (Cabinet Order No. 378 of 1949)

⁴ FEO: Appended Table of Foreign Exchange Order (Cabinet Order No. 260 of 1980)

⁵ MOSGT: 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 of 1991)

III. DESCRIPTION OF THE REGULATIONS

1. OUTLINE OF EXPORT CONTROL

	List controls	Catch-all controls		
		WMD	Conventional weapons	
Items to be controlled	Items specified by cabinet/ministerial orders (Arms and sensitive goods and technologies)	All items other than those subject to the List controls (excluding food, lumber, etc.)		
Regions subject to controls	All regions	All regions except Group A ((1))	Countries/regions under UNSC Arms Embargo ((2))	General countries ((3))
License conditions	—	1.Notice from the Minister of METI 2. Decision by the exporter (1) End-use condition (2) End-user condition	1.Notice from the Minister of METI 2. Decision by the exporter (1) End-use condition	1.Notice from the Minister of METI

(1) Group A: Countries that participate in each multilateral export control regime and strictly enforce export controls (Appended Table 3 of the ETCO)

Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Republic of Korea, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and the United States of America (27 countries in total)

(2) Countries/regions under UNSC Arms Embargo: Countries to which the export of arms and their related goods, etc., are prohibited by the resolution of the United Nations Security Council (Appended Table 3-2 of the ETCO)

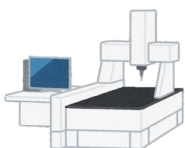
Afghanistan, Central African Republic, Democratic Republic of the Congo, Iraq, Lebanon, Libya, North Korea, Somalia, South Sudan, and Sudan (10 countries in total)

(3) General countries: All countries other than (1) and (2) above

China, Croatia, Estonia, Iceland, Latvia, Lithuania, Malta, Mexico, Myanmar, Pakistan, Romania, Russia, Slovakia, Slovenia, South Africa, Turkey, Ukraine, etc.

2. LIST CONTROLS

Following the international agreement, items that are highly likely to be used for arms or the development, etc., of WMD and conventional weapons are listed by the regulations, and any export of goods or transfer of technologies that fall under the list requires a license from the Minister of METI in advance.



Listed dual-use goods are in Paragraphs 1 to 15 of the "Appended Table 1 of the ETCO," and listed dual-use technologies are in Paragraphs 1 to 15 of the "Appended Table of the FEO." Their functions and specifications are stipulated in the "MOSGT."



REFERENCE: LIST CONTROLS ITEMS -GOODS- (AS OF SEPTEMBER 8, 2024)

Number	Item	Number	Item
1. Arms		9)	Nickel powder, nickel porous metal
		10)	Equipment for the production of deuterium or deuterium compounds
1)	Firearms, ammunitions	10-2)	Equipment for the production of uranium/plutonium
2)	Explosives, explosive dispensers	11)	Flow-forming machines
3)	Propellants, military fuels	12)	1. Numerically-controlled machine tools
4)	Propellants, military fuels		2. Measurement equipment
5)	Directed-energy weapons	13)	Induction furnaces, arc furnaces or melting furnaces
6)	Kinetic energy weapons and projectiles	14)	Isostatic presses
7)	Military vehicles, bridges, etc.	15)	Robots
8)	Military vessels, etc.	16)	Vibration test systems
9)	Military aircraft, etc.	17)	Structural materials for gas centrifuge rotors
10)	Anti-submarine nets, anti-torpedo nets	18)	Beryllium
11)	Armor plates, military helmets, body armors	19)	Substances used as alpha sources for the detonation of nuclear weapons
12)	Military searchlights or control equipment	20)	Boron 10
13)	Bacterial/chemical warfare agents	21)	Substances used as reducing or oxidizing agents for the production of nuclear fuel materials
13-2)	Chemical compounds for clarifying bacterial/chemical warfare agents	22)	Crucibles
14)	Biopolymers for chemical agents, etc.	23)	Hafnium
15)	Equipment for the production/test of warfare low explosives	24)	Lithium
16)	Equipment or device for the production of arms	25)	Tungsten
17)	Military satellites or components thereof	26)	Zirconium
2. Nuclear Power		27)	Electrolytic cells for fluorine production
		28)	Equipment for the production of gas centrifuge rotors
1)	Nuclear fuel or nuclear source materials	29)	Centrifugal balancing machines
2)	Nuclear reactors or power-generating equipment for nuclear reactors	30)	Filament winding machines
3)	Deuterium or deuterium compounds	31)	Laser oscillators
4)	Artificial graphite	32)	Mass spectrometers or ion sources
5)	Equipment for the separation/reprocessing of nuclear fuel materials	33)	Pressure gauges or bellows valves
6)	Equipment for the separation of lithium isotopes	34)	Superconducting solenoid electromagnets
7)	Equipment for the separation of uranium/plutonium isotopes	35)	Vacuum pumps
8)	Frequency changers	35-2)	Scroll-type compressors and vacuum pumps

Number	Item	Number	Item
36)	Direct current power units	5-2)	Bearings for pumps
37)	Electron accelerators or X-ray generators	6)	Propellants or their raw materials
38)	Impact testing machines	7)	Equipment for the production/test of propellants
39)	High speed cameras	8)	Powder and granular materials mixers
40)	Interferometers, pressure gauges, pressure transducers	9)	Jet mills or equipment for the production of metal powders
41)	Goods used for the detonation (testing) of nuclear weapons	10)	Equipment for the production of composite materials
42)	Photomultiplier tubes	11)	Nozzles
43)	Neutron generators	12)	Equipment, et alia, for the production of nozzle or re-entry vehicle nose tips
44)	Remote control manipulators	13)	Isostatic presses or controllers
45)	Radiation shielding windows or frames	14)	Furnaces or controllers for composite materials
46)	TV cameras or lenses specially designed for protection from the influence of radiation	15)	Structural materials for rockets or UAVs
47)	Tritium	16)	Accelerometers or gyroscopes for rockets or UAVs
48)	Equipment for the production, collection or preservation of tritium	17)	Flight controllers or attitude controllers, et alia, for rockets or UAVs
49)	Platinized catalysts	18)	Avionics equipment
50)	Helium-3	18-2)	Thermoelectric batteries for rockets or UAVs
51)	Primary products of rhenium	19)	Gravity meters or gravity gradiometers for aircraft or ship mounting
52)	Containers with explosion-proof construction	20)	Launch pads or associated ground launch support equipment for rockets or UAVs
3. Chemical Weapons		21)	Radio telemetry equipment, radio telecontrol equipment for rockets or UAVs
		22)	Computers designed for use in a rocket
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
2)	Equipment or device for the production of chemical agents	24)	Vibration test equipment, aerodynamics testing equipment, combustion test equipment, et alia
3)	Equipment for the production of bacterial agents	24-2)	Electronic computers used for designing rockets
3 - 2. Biological Weapons		25)	Materials or equipment for reducing the level of the radio waves, acoustic waves or light
		26)	Integrated circuits, detectors, or radomes for rockets or UAVs
1)	Source materials for bacterial warfare agents	5. Advanced Materials	
2)	Equipment for the production of bacterial agents		
4. Missiles		1)	Fluorine compound products
		2)	(delete)
1)	Rockets or their production equipment	3)	Aromatic polyimide products
1-2)	Unmanned aerial vehicles (UAVs) or their production equipment	4)	Tools for forming of titanium, aluminum or its alloys
2)	Guidance or testing equipment for rockets	5)	Alloys or powders of titanium or aluminum and their production equipment
3)	Propulsion units	6)	Metallic magnetic materials
4)	Flow-forming machines	7)	Uranium-titanium alloys or tungsten alloys
5)	Servo valves, pumps, gas turbines	8)	Superconductive materials

Number	Item	Number	Item
9)	(delete)	8-4)	Optical modulator
10)	Lubricants	9)	Sampling oscilloscopes
11)	Liquids for preventing vibration	10)	Analog-to-digital converters
12)	Liquids for coolant	11)	Digital instrumentation recorders
13)	Ceramic powders	12)	Signal generators
14)	Ceramic composites	13)	Frequency analyzers
15)	Polydiorgano silane or polysilazane, et alia	14)	Network analyzers
16)	Bismaleimide or aromatic polyamideimide, et alia	15)	Atomic frequency standards
17)	Fluorinated polyimides	15-2)	Spray cooling method temperature control devices
18)	Molded products that use prepregs or preforms	16)	Semiconductor manufacturing equipment
19)	Boron, boron alloy, or guanidine nitrate, et alia	17)	Masks or reticles
6. Material Processing		17-2)	Base materials for production of masks
		18)	Semiconductor substrate
1)	Bearings	19)	Resists
2)	Numerically-controlled (N/C) machine tools	20)	Aluminum, gallium and other organic metallic compounds Phosphorus, arsenic and other organic compounds
3)	Machine tools for the production of gears	21)	Phosphorus, arsenic or antimony hydrides
4)	Isostatic presses	22)	Silicon carbides
5)	Coating devices	23)	Polycrystalline substrate
6)	Measurement equipment	8. Computers	
7)	Robots		
8)	Feedback devices, et alia	1)	Computers
9)	Spin-forming machines	9. Telecommunication	
7. Electronics			
		1)	Telecommunication transmission equipment
1)	Integrated circuits	2)	Electronic changers
2)	Devices using microwaves or millimeter waves	3)	Communication optical fibers
3)	Signal processing equipment	4)	(delete)
4)	Devices using superconductive materials	5)	Phased array antennas
5)	Superconducting electromagnets	5-2)	Radio direction finding equipment for monitoring use
6)	Primary/secondary or solar cells	5-3)	Wireless communication wiretapping devices
7)	High voltage capacitors	5-4)	Equipment capable of detecting the position of objects by observing interferences of radio waves, possessing a receiving function only
8)	Encoders	5-5)	Internet communication monitoring equipment
8-2)	Thyristor devices or modules	6)	Design/production equipment for items 1) through 3), and 5) through 5-5)
8-3)	Semiconductor devices for power control	7)	Encryption equipment

Number	Item	Number	Item
8)	Equipment designed to prevent the leakage of information transmission signals	5)	Testing/production equipment for items 1) through 4-2)
9)	(delete)	12. Marine	
10)	Communication cable systems capable of detecting surreptitious intrusion		
11)	Design/production/measurement equipment for items 7), 8) or 10)		
10. Sensors		1)	Submersible vessels/vehicles
		2)	Vessel components or auxiliaries thereof
1)	Underwater acoustic equipment	3)	Underwater salvage systems
2)	Optical detectors or coolers thereof	4)	Underwater lighting systems
3)	Optical fibers for use in sensors	5)	Underwater robots
4)	High speed cameras	6)	Sealed power units
5)	Reflectors	7)	Circulation water tanks
6)	Optical components for space use	8)	Buoyant materials
7)	Controllers of optical equipment or components	9)	Closed-circuit or semi-closed circuit self-contained diving equipment
7-2)	Aspherical optical elements	10)	Underwater acoustic transmitters used for obstruction
8)	Laser oscillators	13. Propulsion Units	
8-2)	Laser microphone		
9)	Magnetometers, underwater electric field sensors or magnetic field gradiometers, or calibrating equipment thereof	1)	Gas turbine engines
9-2)	Underwater monitoring systems	2)	Spacecrafts for satellite or space development use
10)	Gravity meters or gravity gradiometers	2-2)	Controllers designed for use in satellites
11)	Radars	3)	Rocket propulsion systems
11-2)	Masks and reticles, specially designed for optical sensors	4)	Unmanned aerial vehicles
12)	Equipment for measuring optical reflectance, et alia	5)	Testing/production equipment for items 1) through 4), and 10) of 15.
13)	Equipment for the manufacture or calibration equipment of gravity meters	14. Miscellaneous	
14)	Materials, et alia, for optical detectors or components thereof		
11. Navigation Devices		1)	Metallic fuel in a powder state
		2)	Substances which are additives or precursors to low explosives or high explosives
		3)	Diesel engines
1)	Accelerators	4)	(delete)
2)	Gyroscopes	5)	Self-contained diving equipment
3)	Inertial navigation systems	6)	Civil engineering machinery for air transportation
4)	Gyro-astro compasses, global navigation satellite systems, equipment for receiving radio waves, or aircraft altimeters	7)	Robots or control equipment thereof
4-2)	Underwater navigation devices using sonar	8)	(Delete)

Number	Item
9)	Tear or sneeze gas and application equipment thereof
10)	Simplified explosion devices
11)	Detectors for explosives
15. Sensitive Items	
1)	Molded goods using inorganic fibers, et alia
2)	Radio wave absorbers or conductive polymers
3)	Nuclear heat source materials
4)	Digital telecommunication transmission equipment
4-2)	Units for obstruction of simplified explosion devices
5)	Underwater acoustic equipment
6)	Optical detectors for space use
7)	Radars which utilize a transmitting pulse width less than 100 nanoseconds
8)	Submersible boats
9)	Soundproofing devices for vessels
10)	Ramjet engines, scramjet engines, combined cycle engines

3. CATCH-ALL CONTROLS

Export or transfer of non-listed dual-use items require a license from the Minister of METI if they are likely to be used for the development, etc., of WMD and conventional weapons.



There are two types of Catch-all controls: "WMD Catch-all controls" and "Conventional Weapon Catch-all controls,"

(1) WMD CATCH-ALL CONTROLS

Under the following conditions, non-listed dual-use items are subject to the control.

Subject/Conditions			Description
Items			All items other than those subject to the List controls (excluding food, lumber, etc.) *Special attention required: The Commodity Watch List for WMD Catch-All [⁶ See the next and following pages]
Regions			Other than Group A (regions in Appended Table 3 of the ETCO)
License conditions	METI's notice		When a notice is received from the Minister of METI
	Screening by exporters	End-use condition	When there is a risk of being used for the development, etc., of WMD ⁶
		End-user condition	When the end-user is or has been involved in the development, etc., of WMD; When the end-user is listed in the Foreign End User List (Excluding cases where it is apparent from the end-uses of the goods, etc., to be exported and the conditions and manner of transactions that they will be used for purposes other than the development, etc., of WMD) ⁷

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Use of the "Apparent" Guideline Sheet

For verification of the end-user condition, it is recommended to use the attached document "(4) 'Apparent' Guideline Sheet" as a tool to determine whether it is "apparent" that end-uses are for purposes other than the development, etc., of WMD. Based on the documents and other information obtained from the transaction partner, etc., within the scope of normal business practices, check the items on this sheet and then make a judgment.

If you cannot judge whether it is an "apparent" case, you will need to apply for a license.

⁶ Reference ministerial orders, etc.: [Goods] Ministerial Order Specifying Potential Use of the Exporting Goods in Development, etc., of Nuclear Weapons (Order of the Ministry of Economy, Trade and Industry No. 249)

[Technologies] Potential Use of the Transferring Technologies, Specified by the Minister of Economy, Trade and Industry by Public Notice, in Development, etc., of Nuclear Weapons Pursuant to the Provision of Item (vii)-(a), Paragraph 2, Article 9 of the Ministerial Order on Trade Relation Invisible Trade, etc. (Public Notice of the Ministry of Economy, Trade and Industry No. 759)

⁷Reference ministerial orders, etc.: In addition to ministerial order, etc., in Note 8, refer to the Ministerial Precautions on Export Procedures Related to the Complementary Export Control Notification for WMD and Conventional Weapons (TECB No. 1 Export Precautions 24 No. 24, March 23, 2012) and the Guideline for Judging "When Apparent."

REFERENCE: THE DUAL-USE ITEM WATCH LIST FOR WMD CATCH-ALL CONTROLS

The items listed in the figure below are examples of those which do not fall under List controls, but which have a strong possibility of being used for the development, etc., of WMD (see "Uses of concern" in the figure below).

8

Particularly careful screening is required before exporting or transferring these items to ensure that the items will not be diverted to uses of concern.

(As of December 15, 2021)

Items	Uses of concern
1. Tributyl phosphate (TBP)	Nuclear weapons
2. Carbon/Glass/Aramid fiber	Nuclear weapons, missile
3. Titanium alloys	
4. Maraging steel	
5. Aluminum alloys tubes with a diameter of more than 75 mm	Nuclear weapons
6. Flow-forming machines	Nuclear weapons, missile
7. Numerically-controlled (N/C) machine tools	
8. Isostatic presses	
9. Filament winding machines	Nuclear weapons
10. Frequency changers	
11. Mass spectrometers or ion sources	
12. Vibration test systems	Nuclear weapons, missile
13. Centrifugal multiplane balancing machines	
14. Corrosion-resistant pressure gauges/sensors	
15. Large-size non-destructive inspection equipment	Nuclear weapons
16. High frequency oscilloscope and waveform digitizers	
17. Stable power/voltage DC power supplies	
18. Large generators	Nuclear weapons, missile
19. Large vacuum pumps	
20. Radiation-hardened robots	
21. TIG welding units, electron beam welding units	Nuclear weapons
22. Radiation monitoring and detection equipment	Nuclear weapons
23. Mill for fine powder	Missile
24. Karl Fischer moisture equipment	
25. Equipment designed for producing prepreps	
26. Artificial graphite	Nuclear weapons, missile
27. Gyroscopes	Missile
28. Rotary encoders	

⁸ Governing laws and regulations: Ministerial Precautions on Export Procedures Related to the Complementary Export Control Notification for WMD and Conventional Weapons (Export Precautions 24 No. 24, TECB No. 1, March 23, 2012), 1-(3)-1)

Items	Uses of concern
29. Heavy trucks (incl. tractors, trailers, dump trucks)	
30. Crane trucks	
31. Chambers (sealed) for fermentation	Biological weapons
32. Centrifugal separators	
33. Freeze dryers	
34. Corrosion-resistant reactors	Missiles, chemical weapons
35. Corrosion-resistant agitators	
36. Corrosion-resistant heat exchangers or condensers	
37. Corrosion-resistant distillation or absorption columns	Missiles, chemical weapons
38. Corrosion-resistant filling equipment	
39. Unmanned aerial vehicles (UAVs) that are specially designed for incorporating spray machines (excl. model aircraft for amusement or sport use)	Missiles, biological/chemical weapons
40. Spray machines that are specially designed for installing in UAVs	
41. N-(1-phenethyl-4-piperidyl)propionanilide (also known as fentanyl) (437-38-7), N-[1-[2-(4-ethyl-5-oxo-2-tetrazoline-1-yl)ethyl]-4-(methoxymethyl)-4-piperidyl]propionanilide (also known as alfentanil) (71195-58-9), Methyl=1-phenethyl-4-(N-phenylpropanamide)piperidine-4-carboxylate (also known as carfentanil) (59708-52-0), 1-(2-methoxycarbonyl-ethyl)-4-(phenylpropionylamino)piperidine-4-carboxylic acid methyl ester (also known as remifentanyl) (132875-61-7), N-[4-(methoxymethyl)-1-[2-(2-thienyl)ethyl]-4-piperidyl]propionanilide (also known as sufentanyl) (56030-54-7)	Chemical weapons

Key point

A Key Point to be Checked for Catch-all controls

When exporting/transferring items to an entity listed in the Foreign End User List, it can also be used for checking whether their "uses of concern" on the above Commodity Watch List matches with the "Type of WMD" (nuclear, biological, chemical weapons and missiles) on the Foreign End User List.

	Item name	Uses of concern
Commodity Watch List items	Titanium alloys	Nuclear weapons, missiles

If they match,
watch out!

	Country/region name	Company/organization name	Type of WMD
Foreign End User List	ooo	xxx CO.,LTD	Nuclear (N)

REFERENCE: THE DUAL-USE ITEM WATCH LIST FOR WMD CATCH-ALL CONTROLS (IN CASE OF EXPORT TO SYRIA)

The items listed in the figure below are examples of those which have a strong possibility of being used for the development, etc., of WMD (see "Uses of concern" in the figure below) when exported/transferred to Syria as a destination.⁹

In addition to the verification described on the previous page, particularly careful screening is required before exporting or transferring these items to Syria to ensure that they will not be diverted to uses of concern

(As of December 15, 2021)

Items	Uses of concern
1. Draft chamber	Chemical weapons
2. Protective equipment for respiration attached to full-face mask	Biological/chemical weapons
3. Aluminum chloride (CAS 7446-70-0), dichloromethane (75-09-2), N,N-dimethylaniline (121-69-7), isopropyl bromide (75-26-3), isopropyl ether (108-20-3), mono-isopropylamine (75-31-0), kalium bromide (7758-02-3), pyridine (110-86-1), sodium bromide (7647-15-6), sodium metal (7440-23-5), tributylamine (102-82-9), triethylamine 8121-44-8), trimethylamine (75-50-3), et alia	Chemical weapons
4. Diethylene triamine (111-40-0)	
5. Butyrylcholinesterase, pyridostigmine bromide (101-26-8), obidoxime chloride (114-90-9)	
6. Bio safety cabinet, globe box	Biological weapons
7. Batch-type centrifugal machine	
8. Fermentation tank	
9. Reactor, agitator, heat exchanger, condenser, pump (excluding item 11 below), valve, container, distiller, absorption tower	Chemical weapons
10. Clean room, fan equipped with HEPA filter	Biological weapons
11. Vacuum pump or its attachments	Chemical weapons
12. Equipment for analyzing and detecting chemical substances, their parts and attachments	
13. Chlorine-alkali electrolytic cell (including mercury, diaphragm, or ion-exchange membrane electrolytic bath. The same applies hereinafter)	
14. Titanium electrode (including one coated with another metallic oxide) designed and used for the chlorine-alkali electrolytic bath	Chemical weapons
15. Nickel electrode (including one coated with another metallic oxide) designed and used for the chlorine-alkali electrolytic bath	

⁹ Governing laws and regulations: Ministerial Precautions on Export Procedures Related to the Complementary Export Control Notification for WMD and Conventional Weapons (Export Precautions 24 No. 24, TECB No. 1, March 23, 2012), Proviso to 1-(3)-1)

Items	Uses of concern
16. Titanium-nickel bipolar electrode (including one coated with another metallic oxide) designed and used for the chlorine-alkali electrolytic bath	
17. Asbestos diaphragm designed and used for the chlorine-alkali electrolytic bath	
18. Fluoropolymer-based diaphragm designed and used for the chlorine-alkali electrolytic bath	
19. Fluoropolymer-based ion exchange membrane designed and used for the chlorine-alkali electrolytic bath	
20. Compressor designed to press chlorine in a wet or dry condition regardless of its structure	
21. Mercury (7439-97-6), barium chloride (10361-37-2), sulfuric acid (whose mass concentration is 90% or over) (7664-93-9), 3,3-dimethyl-1-butene (558-37-2), 2,2-dimethylpropanal (630-19-3), 2,2-dimethylpropylchloride (753-89-9), 2-methylbutene (26760-64-5), 2-chloro-3-methylbutane (631-65-2), pinacol (76-09-5), 2-methyl-2-butene (513-35-9), butyllithium (109-72-8), bromo (methyl) magnesium (75-16-1), formaldehyde (50-00-0), 2,2'-iminodiethanol (111-42-2), dimethyl carbonate (616-38-6), N-methyl diethanolamine (105-59-9), methyldiethanolamine hydrochloride (54060-15-0), methanol (67-56-1), ethanol (64-17-5), 1-butanol (71-36-3), 2-butanol (78-92-2), isobutanol (78-83-1), 2-methylpropane-2-ol (75-65-0), cyclohexanol (108-93-0), diethylammonium chloride (660-68-4), diisopropylamine-hydrochloride (819-79-4), quinuclidine-3-one hydrochloride (1193-65-3), 3-quinuclidinol hydrochloride (6238-13-7), (R)-3-quinuclidinol hydrochloride (42437-96-7), N,N-diethylaminoethanol hydrochloride (14426-20-1), 2-(diisopropylamino)ethanol hydrochloride (63051-68-3)	

Note: The parenthesis numbers for items 3 through 5 and 21 are CAS numbers (that are given to chemical substance or substance groups by a U.S. chemical society institution, Chemical Abstracts Service, or, CAS).

REFERENCE : FOREIGN END-USER LIST

The Foreign End User List, which is presented by METI, contains companies and organizations that have the risk of being involved in WMD development. It is one of the “documents created by METI to show trends in the development of nuclear weapons specified in Item 3a, Paragraph 1, Article 4 of the Cabinet Order on Export Trade Control (No. 378 in 1949)” defined in “No. 2” of the Documental Notification.”¹⁰ When goods are exported to a company listed, it is necessary to obtain a license from the Minister of METI, except for a case where the goods are clearly not used for WMD development. See the latest version,¹¹ because the list is subject to change every year.

County-by-country number of companies and organizations listed

Country	No. of end-users
Afghanistan	2
UAE	24
Yemen	2
Israel	1
Iran	223
India	3
Egypt	3
North korea	153
Syria	19
Taiwan	4
China	101
Pakistan	101
Hong Kong	8
Lebanon	9
Russia	53
Total	706

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 	Chemistry C
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 N
⋮				
609	Republic of Yemen.	Houthi		Missile M
610	Republic of Yemen.	Al-Swari Trading and Import Co.	<ul style="list-style-type: none"> Alswari Trading & Import Co Al-Swari Group for Rubber Manufacturing Hashem Brothers for International Trading 	Missile M

*Revised on December 10, 2023

¹⁰ Document to be acquired by exporters defined in a notice issued by the Minister of METI according to Ministerial Ordinances No. 2 and No. 3 that specify export goods having the risk of being used for nuclear weapon development (Notification No. 760 issued by METI in 2001)

¹² <https://www.meti.go.jp/policy/ampo/law05.html#user-list>

(2) CONVENTIONAL WEAPON CATCH-ALL CONTROLS

Items are subject to the controls under the following conditions, in which there is a possibility of use for the development, etc.¹² of conventional weapons¹³.

Subject/Conditions			Description	
Regions			Regions under UNSC Arms Embargo	General regions
Items			All items other than those subject to the List controls (excluding food, lumber, etc.)	
			*Special attention required: The Commodity Watch List for Conventional Weapon Catch-All [See the next page]	
License conditions	METI's notice		When a notice is received from the Minister of METI	
	Screening by exporters	End-use condition	When there is a risk of use for the development, etc., of conventional weapons ¹⁴	—
		End-user condition	—	

Regions under UNSC Arms Embargo: Regions to which the export of arms and their related goods, etc., are prohibited by the resolution of the United Nations Security Council (Appended Table 3-2 of the ETCO)

Afghanistan, Central African Republic, Democratic Republic of the Congo, Iraq, Lebanon, Libya, North Korea, Somalia, South Sudan, and Sudan (10 countries in total)

General regions: All other than those in Group A (Appended Table 3 of the ETCO) and regions under UNSC Arms Embargo

China, Croatia, Estonia, Iceland, Latvia, Lithuania, Malta, Mexico, Myanmar, Pakistan, Romania, Russia, Slovakia, Slovenia, South Africa, Turkey, Ukraine, etc.

¹² Development, etc., of conventional weapons: Development, manufacture, or use of conventional weapons

¹³ Conventional weapons: Goods other than WMD that fall under Appended Table 1-1 of the ETCO

¹⁴ Reference ministerial orders, etc.: [Goods] Ministerial Order Specifying Potential Use of the Exporting Goods in Development, Manufacture or Use of Goods Set Forth in the Middle Field of Item (i) in the Appended Table 1 of the Export Trade Control Order (Order of the Ministry of Economy, Trade and Industry No. 57)
[Technologies] Potential Use of the Transferring Technologies, Specified by the Minister of Economy, Trade and Industry by Public Notice, in Development, Manufacture or Use of Goods Specified in the Middle Field of Item (i) in the Appended Table 1 of the Export Trade Control Order (Excluding Those Falling under the Category of Nuclear Weapons, etc. Specified in Item (i)-(a), Paragraph 1, Article 4 of the said Order) Pursuant to the Provision of Item (vii)-(c), Paragraph 2, Article 9 of the Ministerial Order on Trade Relation Invisible Trade, etc. (Public Notice of the Ministry of Economy, Trade and Industry No. 187)

REFERENCE: THE DUAL-USE ITEM WATCH LIST FOR CONVENTIONAL WEAPON CATCH-ALL CONTROLS

The items listed in the figure below are examples of those which do not fall under the List controls, but which have a particularly strong possibility of being used for the development, etc., of conventional weapons (see "Uses of concern" in the figure below).¹⁵

Particularly careful screening is required before exporting or transferring these items to ensure that they will not be diverted to uses of concern.

(As of December 15, 2021)

Items	Uses of concern
1. Ni or Ti alloy	Conventional weapons
2. Sintered magnet	
3. Equipment to manufacture item 2 above, or parts thereof	
4. Hydraulic fluids containing phosphate/cresol ester, tris (dimethylphenyl) phosphate, or trinormalbutyl phosphate	
5. Organic fiber, carbon fiber, or inorganic fiber	
6. Bearings or components thereof	
7. Machine tools listed below, or components thereof (a) Numerically controlled machine tools (b) Machine tools for generating optical quality surfaces (excluding numerically controlled machine tools) (c) Dimensional inspection or measuring system (including machine tools having such capabilities)	
8. Secondary cells	
9. Waveform digitizers	
10. Electronic parts mounting robots	
11. Electronic computers or components thereof	
12. Telecommunication transmission equipment or components thereof	
13. Phased array antennas	
14. Telecommunication jamming equipment or components thereof	
15. Position detecting equipment using electromagnetic interference observation technology without sending out electromagnetic waves such as radio waves	
16. Optical detectors, coolers therefore, or equipment using optical detectors	

¹⁵ Governing laws and regulations: 1-(3)-2), Ministerial Precautions on Export Procedures Related to the Complementary Export Control Notification for WMD and Conventional Weapons (Export Precautions 30 No. 26/20181108 TECB No. 2)

Items	Uses of concern
17. Optical fibers for use in sensors	
18. Laser oscillators or components thereof	
19. Magnetometers, underwater electromagnetic field sensors, magnetic gradiometers, or components thereof	
20. Gravity meters	
21. Radars or components thereof	
22. Accelerometer or components thereof	
23. Gyroscopes or components thereof	
24. Inertial navigation systems, other equipment using inertial forces, or components thereof	Conventional weapons
25. Gyro-astro compasses, devices that derive position or orientation by means of automatically tracking celestial bodies or satellites, electromagnetic wave receivers for global navigation satellite systems, components thereof, or airborne altimeters	
26. Underwater cameras or components thereof	
27. Air-independent power systems	
28. Self-contained diving equipment (open-circuit types) or components thereof	
29. Gas turbine engines or components thereof	
30. Rocket propulsion systems or components thereof	
31. Equipment for the manufacture of the items listed in 29) or 30) above or components thereof	
32. Air vehicles or components thereof	
33. Vibration testing equipment, wind tunnels, environmental testing equipment for the development or testing of rockets or air vehicles, or components thereof	
34. Flash X-ray machines	

IV. CONTROLLED ACTIVITIES

Two types of activities are subject to export control: "export of goods" and "transfer of technologies."

¹⁶(Regardless of whether they are paid or free of charge.)

1. EXPORT OF GOODS

Export	Sending goods from Japan to a foreign country
Method of export	Sending by general shipping services using ships, airplanes, etc., hand-carry, international mail (EMS), international parcel delivery service (courier), etc.
Examples	Export of products, export of free samples, hand-carry by business travelers, temporary removal for overseas exhibitions, return of imported goods, etc.



2. TRANSFER OF TECHNOLOGIES

(1) OVERVIEW OF TRANSFER OF TECHNOLOGIES

Technologies	Information necessary for the development, production or use of goods. <ul style="list-style-type: none"> • Technical data..... Design drawings, manufacturing method statements, technical reports, product specifications, programs, etc. • Technical assistance..... Technical instruction, skills training, transfer of work knowledge, consulting services, etc.
Transfer of technologies	Transferring technology overseas, transferring technology from a resident to a non-resident or a resident who falls under any of the specific categories* ¹⁷ (transferring technology within Japan could also be subject to control), etc. [For details, see the following pages] <small>*The transfer to "residents who fall under the specific categories" will be subject to control from May 1, 2022.</small>
Method of transfer	<ul style="list-style-type: none"> • Transfer by export..... Sending booklets, external recording media, etc., taking out by hand-carry, etc. • Transfer by telecommunication, etc.... Email, telephone, web conferencing systems, cloud services, etc. • Transfer by human interaction..... Technical discussions in overseas countries, technical instruction to non-residents or residents falling under the specific categories, etc.
Examples	Taking out USB memory sticks, etc., sending e-mails, technical instruction and discussions in overseas countries, technical discussions with customers from overseas, technical instruction to foreign trainees, technical development meetings, etc.



Both in Japan
and overseas

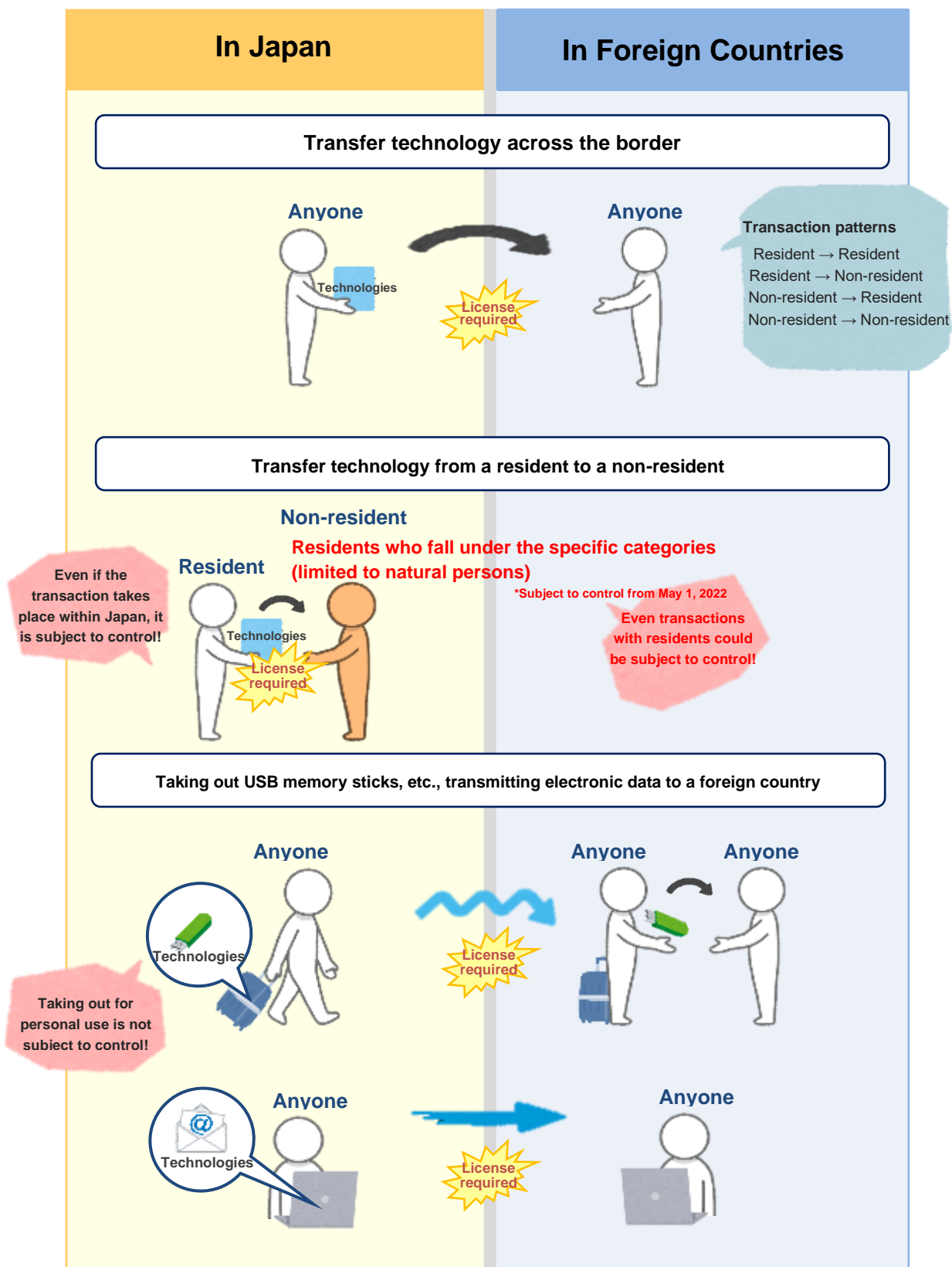


¹⁶Even if goods are not exported from Japan, transactions involving the buying, selling, leasing, or donating of goods associated with the movement of goods between foreign countries (intermediary trade transactions) are also subject to export control and, depending on the conditions, a license from the Minister of METI may be required. URL | <https://www.meti.go.jp/policy/anpo/anpo05.html>

¹⁷ The "specific categories" are those in which a resident (limited to natural persons) is strongly influenced by a non-resident. For details on the types, please see page 17 onward.

REFERENCE: OUTLINE OF THE CONTROL FOR TRANSFER OF TECHNOLOGIES

Under the FEFTA¹⁸, the following transactions regarding the controlled technologies require a license from the Minister of METI from the perspective of preventing the outflow of controlled technologies that can be diverted to military use.



¹⁸ Governing laws and regulations: Paragraphs 1 and 3, Article 25 of the FEFTA

*Anyone: Resident or non-resident

REFERENCE: DEFINITIONS OF RESIDENTS AND NON-RESIDENTS

The definitions¹⁹ of resident and non-resident are as set forth in the table below.

	Resident	Non-resident
Japanese	<ul style="list-style-type: none"> (1) Those who live in Japan (2) Those who work at diplomatic establishments in Japan 	<ul style="list-style-type: none"> (1) Those who left Japan to work at an office in a foreign country and live therein (2) Those who left Japan to live in foreign country for two or more years (3) Those who go to a foreign country and stay therein for two or more years (4) Those who meet any of (1) to (3) above, return to Japan temporarily, and stay for less than six months
Foreigner	<ul style="list-style-type: none"> (1) Those who work at an office in Japan (2) Those who come to Japan and stay for six or more months 	<ul style="list-style-type: none"> (1) Those who live overseas (2) Those who provide public service in a foreign government or international organ (3) Diplomatic officials or attendants/employees who work at a consulate (limited to those who are appointed or employed overseas)
Corporation	<ul style="list-style-type: none"> (1) Domestic companies based in Japan (2) Branches, agencies, or other offices of a foreign company in Japan (3) Foreign diplomatic offices in Japan 	<ul style="list-style-type: none"> (1) Foreign companies based in a foreign country (2) Foreign branches, agencies, or other offices of a Japanese corporation (3) Foreign governments' offices or international organizations in Japan

*Notwithstanding the above table, the US Forces, UN Forces, and constituent members thereof are non-residents.

¹⁹ Governing laws and regulations: Interpretation and Implementation of the Foreign Exchange Laws and Regulations (No. 4672, issued on November 29, 1980)

Note

Transferring technologies using cloud services²⁰

Please note that a license from the Minister of METI will be required when using cloud services, such as "storage services" or "SaaS (Software as a Service)" to store controlled technologies on a server accessible by non-residents when, for example, jointly developing a program with overseas engineers.

- ✦ Storage services: Services for storing electronic data or data on an external server via the Internet
- ✦ SaaS: A service that can be used via the Internet without having to download application programs, etc.



²⁰ Governing laws and regulations: Service Transactions or Activities Requiring License in Accordance with Paragraph 1, Article 25 of the Foreign Exchange and Foreign Trade Act and Paragraph 2, Article 17 of the Foreign Exchange Order (4 TECB, No. 492 dated December 21, 1992)

(2) "DEEMED EXPORT CONTROLSS" AND "SPECIFIC TRANSACTIONS"

As described on page 15 (Reference: Outline of the Control for Transfer of Technologies), multiple forms of transactions and activities of technology transfer are subject to control. Of these, the control of "transfer technology from a resident to a non-resident" described in the middle of the same page is referred to as "deemed export controls." Under deemed export controls, technology transfer is subject to control even if it takes place in Japan.

From May 1, 2022 onward, the deemed export controls will apply not only to transfer of controlled technologies to non-residents, but also to residents, if the residents (limited to natural persons) under the significant influence of a non-resident (hereinafter referred to as the "specified categories"; see (1) below for details). Transactions that transfer controlled technologies to such residents will be deemed to be the same as those that transfer technologies to non-residents and will be subject to control²¹. Transactions that transfer controlled technologies to residents who fall under these specified categories are referred to as "specific transactions."

To properly implement the control of specific transactions in the deemed export controls, it is necessary to verify whether the recipient falls under the specific categories before the technology is transferred. For example, from May 1, 2022 onward, when transferring controlled technology to an employee for business purposes, it will be necessary to verify whether the employee, regardless of his/her nationality, falls under the specific categories, and if so, an license application will be required before the transfer of the controlled technology.

(1) The specific categories

The following table shows the specific categories (1) through (3). When conducting verification, please be sure to check the original text²² of the governing laws and regulations. See also Attachment 6, "Simplified Flowchart for Checking Applicability to Specific categories" for reference.

Specified category (1)	<p>A Person who has entered into an employment contract, a delegation contract, a service contract, or any other contract with a corporation or any other organization established under the foreign laws and regulations (hereinafter referred to as a "Foreign Corporation"), or a foreign government, a foreign governmental agency, a foreign local government, a foreign central bank, a foreign political party or any other political organization (hereinafter referred to as a "Foreign Government") and is subject to the direction and order of the Foreign Corporation or the Foreign Government, or owes the duty of care of a good manager to the Foreign Corporation or the Foreign Government, according to the contract, except for either of the following cases.</p> <p>(a) In the case where the Person has entered into an employment contract, a delegation contract, a service contract, or any other contract with a Japanese corporation and is subject to the direction and order of the Japanese corporation or owes the duty of care of a good manager to the Japanese corporation, according to the contract, the Japanese corporation or the Person has agreed with the Foreign Corporation or the Foreign Government that the direction and order of the Japanese corporation or the duty of care of a good manager to the Japanese corporation shall prevail over the direction and order of the Foreign Corporation or the Foreign Government, or the duty of care of a good manager to the Foreign Corporation or the Foreign Government..</p> <p>(b) In the case where the Person has entered into an employment contract, a delegation contract, a service contract, or any other contract with a Japanese corporation and is subject to the direction and order of the Japanese corporation or owes the duty of care</p>
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²¹ Governing laws and regulations: Partial Amendment of "Service Transactions or Activities Requiring License in Accordance with Paragraph 1, Article 25 of the Foreign Exchange and Foreign Trade Act and Paragraph 2, Article 17 of the Foreign Exchange Order" (4 TECB, No. 492 dated December 21, 1992), etc. (20211102 TECB No. 1 Export Precautions 2021 No. 30, dated November 18, 2021)

²² Governing laws and regulations: 1(3)(k)(1) to (3), Service Transactions or Activities Requiring License in Accordance with Paragraph 1, Article 25 of the Foreign Exchange and Foreign Trade Act and Paragraph 2, Article 17 of the Foreign Exchange Order (4 TECB, No. 492 dated December 21, 1992)

	of a good manager to the Japanese corporation, according to the contract, the Person has entered into an employment contract, a delegation contract, a service contract or any other contract with a Group Foreign Corporation (a Foreign Corporation that directly or indirectly holds 50% or more of the voting rights of the Japanese corporation or a Foreign Corporation of which 50% or more of the voting rights are held by the Japanese corporation. The same shall apply hereinafter.) and is subject to the direction and order of the Group Foreign Corporation or owes the duty of care a good manager to the Group Foreign Corporation, according to the contract.
Specified category (2)	A Person who earns or agrees to earn a large amount of money or other significant profit (money or other profit that accounts for 25% or more of the Person's annual income when converted into money) from a Foreign Government.
Specified category (3)	A person who receives instructions or requests from a foreign government, etc., for his/her activities in Japan

Key point

Specific examples of specific categories

- Specific category (1):
- An employee of a Japanese company who has a side job in a foreign company,
 - A director, etc., or an employee of a Japanese company who serves as a director, etc. foreign company, etc.
- (Japanese subsidiaries of foreign companies are not foreign companies)
- *Specific categories do not apply to cases where it is agreed with the foreign company that the Japanese company's right to command and control takes precedence over the foreign company, or where the foreign company has a capital relationship of 50% or more with the Japanese company.
- Specific category (2):
- An employee receiving financial support from a foreign government, etc.
 - An employee who had received benefits from a foreign government, etc., in the past in the form of a loan, etc., but has been exempted from repayment and is currently benefiting from the non-exercise of the right to demand performance of the obligation, etc.
- Specific category (3):
- An employees who is requested to conduct certain investigations in Japan under the instruction of a foreign government, etc.

(2) Guidelines for confirming the applicability of the specific categories

The approach to determining whether the recipient to the transfer of the controlled technologies falls under any of the specific categories is described in the "Guidelines for Determining the Applicability of Specific categories²³." If you conduct your verification in accordance with this, you will be deemed to have fulfilled your duty of care to confirm the applicability to the specific categories. Even if you failed to identify that the recipient fell under the specific category and therefore did not obtain a license for the transfer of controlled technology, you will be deemed to have committed no fault and will not be subject to any penalties or administrative penalties.

The following table provides the outline of the guidelines.

Employees, regardless of their employment status, such as full-time or part-time employees, should be treated as those who are under the direction and control of the company.

²³ Governing laws and regulations: Attachment 1-3, Service Transactions or Activities Requiring License in Accordance with Paragraph 1, Article 25 of the Foreign Exchange and Foreign Trade Act and Paragraph 2, Article 17 of the Foreign Exchange Order (4 TECB, No. 492 dated December 21, 1992)

	The receiver is not at provider's command and order	The receiver is at provider's command and order	Common
Specific Category 1 Specific Category 2	When information shown in a document including a written contract to be generally acquired for commercial practice-based technological transfer trade clearly shows that the receiver falls in a specific category → It is recognized that no duty of normal care is fulfilled when the technology is provided in a desultory manner.	If specific-category classification is carried out in the following method, it is recognized that a duty of normal care is fulfilled . <Upon adoption> Checks with self-assessment Note: These checks are unnecessary when the specific-category approach applies (or is already adopted on May 1, 2022). <During work> Checks by imposing reporting obligation when a specific category applies newly Note: If in-house rules including work regulations prohibit acts including side jobs in conflict of interest or there is a system for making an application for them, it is regarded that reporting obligation is imposed ²⁴ .	When METI tells the provider that there is the possibility of applying a specific category → It is recognized that no duty of normal care is fulfilled when the technology is provided in a desultory manner.
Specific Category 3	When information shown in a document including a written contract to be generally acquired for commercial practice-based technological transfer trade clearly shows that the receiver falls in a specific category → It is recognized that no duty of normal care is fulfilled when the technology is provided in a desultory manner.		

The above confirmation by self-report at the time of hiring should be verified by the "Pledge" (Attachment 5-1 or 5-2)²⁵.

²⁴ Even if the current work rules have no provision showing the prohibition or application system of acts including side jobs in conflict of interest, or have such a provision but it does not apply to some teachers including part-timers, it is recognized that action is taken in accordance with the specific-category classification guideline, provided that specific-category checks are made to require the teachers to submit a pledge certificate with self-assessment after May 1, 2022 regardless of the employment time and to meet an additional requirement for making a report when a specific category applies in the future.

²⁵ Governing laws and regulations: Attachment 1-4, Service Transactions or Activities Requiring License in Accordance with Paragraph 1, Article 25 of the Foreign Exchange and Foreign Trade Act and Paragraph 2, Article 17 of the Foreign Exchange Order (4 TECB, No. 492 dated December 21, 1992)

Reference: Supplementary Information on the Pledge

https://www.meti.go.jp/policy/ampo/law_document/minashi/jp_kigyuu_besshi.pdf

https://www.meti.go.jp/policy/ampo/law_document/minashi/en_seiyakusho.pdf (English version)

An example of an internal rule that prohibits or requires reporting of conflicts of interest, including the act of holding a second job, is the Model Work Rules (April 2021 edition, Inspection Division, Labor Standards Bureau, Ministry of Health, Labour and Welfare)²⁶. Internal rules can be more effective if they stipulate the contents of Articles 11 and 68 of the Model Work Rules.

²⁶ <https://www.mhlw.go.jp/content/000496428.pdf>

(3) Confirmation of the applicability of specific categories and subsequent procedures

Confirmation of the applicability of the specific categories needs to be properly conducted in accordance with the guidelines (see (2)) before the transfer of the controlled technology.

Although such confirmation should be performed individually for each technology transfer, in principle, it may not be a practical way to control technology transfers that are performed on a daily basis, such as technology transfers to employees within a company. From the perspective of comprehensively and proactively preventing the risk of violations of the FEFTA during such technology transfers, we recommend that you confirm the applicability of your employees and other workers to the specific categories in the following manner at the time of hiring or receiving them.

(1) For employees employed by your company

For employees hired on or after May 1, 2022, confirm their applicability to the specific categories by requesting them to self-report on their applicability using Attachment 5-1 "Pledge" or other forms, and ensure by internal rules, such as employment regulations, that they will report if they become applicable to any of the specific categories during the period of their employment. For employees who are already working as of the same date, confirm their applicability by appropriately requesting them to report about their side jobs, etc., based on the employment regulations, etc. For employees who have reported their side jobs, etc., prior to the same date, confirm their applicability to the specific categories based on the details of their reports, etc.

In cases where there is no provision in the employment regulations, etc., that prohibits or requires reporting of conflicts of interest, including having side jobs, or where there is a provision but such provision does not apply to some employees, confirm their applicability by asking them to self-report on or after May 1, 2022, using Attachment 5-2 "Pledge" or other forms, regardless of when they were hired, and also ensure by the pledge that they will report if they become applicable to the specific categories during their employment period.

If these employees fall under the specific categories, determine whether to transfer the controlled technology to such employees by following the procedures described in "Chapter 3 Export Control Practices" before transferring the controlled technology, for example, by preparing Attachment 4 "(5) Transaction Screening Sheet."

(2) Persons not employed by your company

In the case of accepting trainees, etc., with no employment contract, confirm their applicability based on the information provided in the contract or other documents that would normally be obtained, and if these persons fall under the specific categories, follow the same procedures as those for employees.

Key point

Confirming the applicability of agency workers to the specific categories

- Temporary staffing agencies are required to conduct confirmation in accordance with "(1) For employees employed by your company."
- Companies that hire agency workers are not required to confirm their applicability.

Key point

When a company conducts joint research with a university that involves the transfer of controlled technology, the company is required to confirm the following.

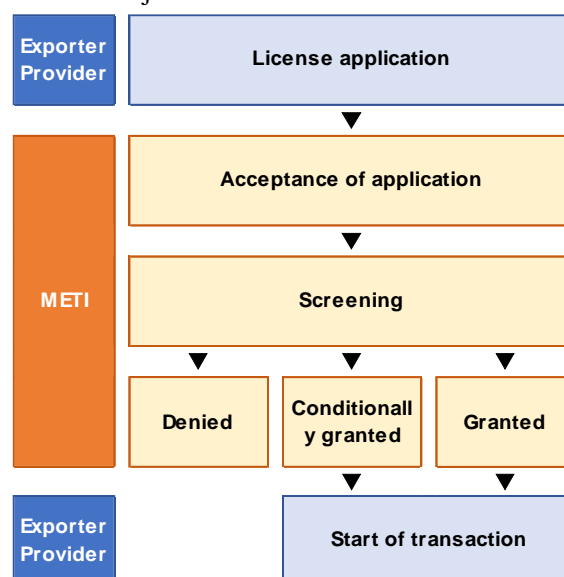
If a person who is not employed by the university, such as a student, is specified as a participant in a contract or other documents that would normally be obtained at the time of joint research, please confirm the applicability of the student, etc., based on the information provided in the documents. If his/her applicability is not mentioned in the documents, he/she will be treated as not falling under the specific categories.

V. APPLICATION FOR EXPORT LICENSE

1. FLOW OF LICENSE APPLICATION

If the goods to be exported or the technologies to be transferred are subject to the List controls or Catch-all controls, it is necessary to apply for a license.

Upon receipt of an application, METI screens the application from a security perspective and determines whether the license is to be "granted," "conditionally granted," or "denied."



Note

In principle, the screening period at METI is within 90 days^(*) from the receipt of the application, but it may vary depending on the subject category number, transaction status, or other factors. If there are any deficiencies in the submitted documents, the time to correct the documents is not included in this screening period, so please check and submit your application well in advance.

(*) If the screening period exceeds 90 days, METI will contact the applicant in advance.

2. LICENSE APPLICATION PROCEDURES

If the goods to be exported or the technologies to be transferred are subject to control, it is necessary to obtain a license in advance. There are two types of licenses: "individual license" and "bulk license."

(1) INDIVIDUAL LICENSE APPLICATION

Individual license means a license for each individual contract. When applying for an individual license, exporters should prepare the necessary documents and apply a license electronically (through NACCS FEFTA-related services).

*For more information on the electronic application, please visit the website of "Electronic Application (NACCS FEFTA-related services)."

https://www.meti.go.jp/policy/external_economy/trade_control/05_naccs/naccs.html

(1) DOCUMENTS AND WHERE TO APPLY

When applying for a license for such activities as exporting of goods subject to the List controls, the documents to be submitted and where to apply are based on the relevant category number and the destination of the List controls. Please refer to the list of application documents and contact offices on the METI's Security Export Control website (individual license applications:

<https://www.meti.go.jp/policy/ampo/apply10.html>).

The contact offices for applications are the METI Headquarters and the regional METI bureaus (including the Bureau of Economy, Trade and Industry or the Okinawa General Bureau). (The contact office for applications for licenses based on the Catch-all controls is the METI Headquarters.)

Check

[Example] Documents to be submitted and where to apply [When exporting goods that fall under "3-2(1)" to the "People's Republic of China"]

- (1) Open the "List of Application Documents and Contact Offices (Goods)" on the Security Export Control website.
- (2) From the list, find the relevant category number "3-2(1)" and the destination "People's Republic of China."

Since destinations are indicated by regional classification in the list, check the regional classification in "Appendix 3 Comparative Table of Countries and Regional Classifications." In this case, the People's Republic of China is "D Region (1)."

[Regional Classification: https://www.meti.go.jp/policy/ampo/kanri/shinseisho/tenpu24fy/bepyou3_tiiki.pdf]

- (3) As a result of the search in (2), the documents to be submitted in this case are "D6" documents, and the contact office for application is METI (Headquarters).

List of Application Documents and Contact Offices (Goods)

輸出令別表第1の該当項番	仕向地	提出書類	申請窓口
3の2項	い地域の	A	経済産業局
	り地域		
	は地域の	B 1	経済産業局
3の2項 (1)	に地域の	D 6	本省
3の2項 (2)	に地	D 5	省

輸出令別表第1 (提出書類: D 6)

申請様式名	通数	様式	記載要領
1 輸出許可申請書	2通		運用通知 別添書式
2 輸出許可・役務 (プログラム) 取引許可申請内容簡略書	1通		記載要領 (2)
3 契約書等及びその写し	各1通	-	記載要領 (4)
4 輸出令別表第1の記載項目との対比表等	該当貨物毎に各1通	-	記載要領 (7)
5 カタログ又は仕様書等の技術資料	1通	-	記載要領 (8)
6 最終需要者が当該貨物を用いた研究等を実施可能であることを示す物理的及び技術的能力に関する資料	1通	-	記載要領 (9)
7 需要者等の事業内容及び存在確認に関する資料	1式	-	記載要領 (10)
8 需要者等の契約書及びその写し	各1通		需要者等の契約書の記載要領

The contact office for application is the METI "Headquarters."

(2) HOW TO APPLY

In principle, applications should be submitted electronically (through NACCS FEFTA-related services). Currently, applications are also accepted by mail, but after July 1, 2022, only electronic applications will be accepted.

(2) BULK LICENSE

Licensing is normally determined on an individual contract basis, after screening from a security perspective.

However, if the exporter has established its internal export control system and is capable of performing export control well under its own management, the exporter is allowed to get and use a "bulk license", which is a comprehensive license covering a certain scope without having to apply for separate licenses for each individual contract. The bulk license system consists of five types, each of which requires the fulfillment of certain conditions.

Type	Description
General Bulk License	A system that comprehensively permits such operations as exporting of relatively low-sensitivity goods/technologies to certain combinations of destinations and items, limited to the regions (Group A) set forth in Appended Table 3 of the ETCO
Special Bulk License (Special Bulk)	A system that comprehensively permits such operations as exporting of relatively low-sensitivity goods/technologies to certain combinations of destinations and items, including to regions other than those set forth in Appended Table 3 of the ETCO
Specific Bulk License	A system that comprehensively permits such operations as exporting to the same counterparty with an ongoing business relationship
Specific Bulk License for Returns, etc.	A system that permits the lump-sum export of goods (arms) that fall under Item 1 of Appended Table 1 of the ETCO that are imported to be used in Japan or technologies (programs) that fall under Item 1 of Appended Table of the FEO that are embedded in such goods, but are to be exported only for the purpose of return, repair, or replacement due to malfunctions
Specific Bulk License for Subsidiaries	A system that comprehensively permits such operations as exporting of certain items to subsidiaries of Japanese companies (more than 50% capital)

Important!

Bulk licenses should be applied only after carefully checking and assessing their scope and license conditions before use. Such operations as exporting with a bulk license should be conducted on the premise that appropriate export control is carried out in accordance with the internal control rules and regulations. You should never assume that you can export freely as long as you have a bulk license.

VI. COMPLIANCE STANDARDS FOR EXPORTERS, ETC.

(MATTERS TO BE OBSERVED BY EXPORTERS, ETC.)

Persons (juridical persons and individuals) exporting goods/transferring technologies are required to observe the Compliance Standards for Exporters, etc.²⁷

The Compliance Standards for Exporters, etc., consist of two levels: (1) standards for all exporters, etc., and (2) standards for exporters, etc., who handle List controlled goods/technologies.

(1) Standards for all exporters, etc.

(2) Standards for exporters, etc., who handle List controlled goods/technologies

(1) STANDARDS FOR ALL EXPORTERS, ETC.

- [1] Assign a person in charge of classification, to determine whether goods/technologies to be exported/transferred fall under the List controls.
- [2] For persons involved in such operations as exporting, ensure awareness of the latest regulations and offer necessary instructions for compliance with provisions of such and other related regulations.

(2) STANDARDS FOR EXPORTERS, ETC., WHO HANDLE LIST CONTROLLED GOODS/TECHNOLOGIES

- [1] Assign the representative of the organization to the person in charge of export control.
- [2] Establish the internal export control system (make the job allocation/responsibilities clear).
- [3] Set procedures for the Classification.
- [4] Set procedures to verify the end-use, end-user, etc.²⁸ in exporting the List controlled goods, etc., and follow the procedures in actual verification. When obtaining the information necessary to verify the end-use and end-user from a source other than the end-user, establish procedures to enhance the reliability of the information and follow such procedures in actual verification of such end-use and end-user.
- [5] Ensure identification of the goods to be exported with goods already classified, at actual shipment.
- [6] Make efforts to set the export control audit procedures and implement them.
- [7] Make efforts to give training for the export control supervisors and those involved therein.
- [8] Make efforts to establish a system and procedures for providing guidance and training to subsidiaries involved in the parent company's export of the List controlled goods, etc., and for checking the business systems and procedures of such subsidiaries (guidance, etc.), and to periodically provide guidance, etc., in accordance with such procedures.
- [9] Make efforts to keep documents related to the export for an appropriate period.
- [10] When violating or potentially violating the regulations, promptly so notify the Minister of METI and take necessary measures to prevent recurrence.

* The matters in (4) regarding the verification of the end-user, etc., and procedures to enhance the reliability of the information, and (8) are based on the revised Ministerial Order on Compliance Standards for Exporters, etc., which came into effect on May 1, 2022.

²⁷Governing laws and regulations: Article 55-10 of the FEFTA, Ministerial Order Specifying Compliance Standards for Exporters, etc. (METI Order No. 60)

²⁸The term "end-user, etc." refers to the counterparty to the technology transaction, the user of the technology, the importer of the goods, the end-user, or the agent thereof (Item (ii)-(d), Article 1 of the Ministerial Order Specifying Compliance Standards for Exporters, etc. (METI Order No. 60)).

Important!

The Minister of METI provides guidance and advice to ensure that exporters observe the standards and operate their export control in accordance with the standards in a necessary case, and will issue a recommendation or an order if a violation is still deemed to have occurred. Exporters, etc., will be subject to penalties if they violate the order. ²⁹

²⁹Governing laws and regulations: Articles 55-11, 55-12, and 71 of the FEFTA

VII. PENALTIES FOR LEGAL VIOLATION, ETC.

Violations of the provisions of the FEFTA, such as exporting/transferring the controlled goods/technologies without obtaining a required license, are subject to "criminal charges" and/or "administrative sanctions," as well as "warnings" and "submissions of background statements/reports," which are administrative guidance. If the violation is voluntarily reported to METI, consideration may be given in the disciplinary action, etc.



CRIMINAL CHARGES

- ✚ Imprisonment of up to ten years
- ✚ Fine of up to one billion yen (juridical persons)
- ✚ Fine of up to thirty million yen (individuals)

However, if five times the value of the item involved in such violation exceeds the amount of the above fines, a fine of up to five times such value will be charged.



ADMINISTRATIVE SANCTIONS

- ✚ Prohibition of export of goods or transfer of technologies for up to three years
- ✚ Prohibition of working as the director, etc., in charge of export of goods or transfer of technologies at a different company



WARNING

A warning from METI to the violating company (disclosed in principle)

SUBMISSION OF BACKGROUND STATEMENTS/REPORTS

Requiring the submission of a background statement/report focusing on the investigation of the cause of the violation and the prevention of recurrence (not disclosed in principle)

Note

Criminal charges, administrative sanctions, and warnings are disclosed in principle, which may have significant non-legal consequences, such as damage to the corporate image and social sanctions.



Important!

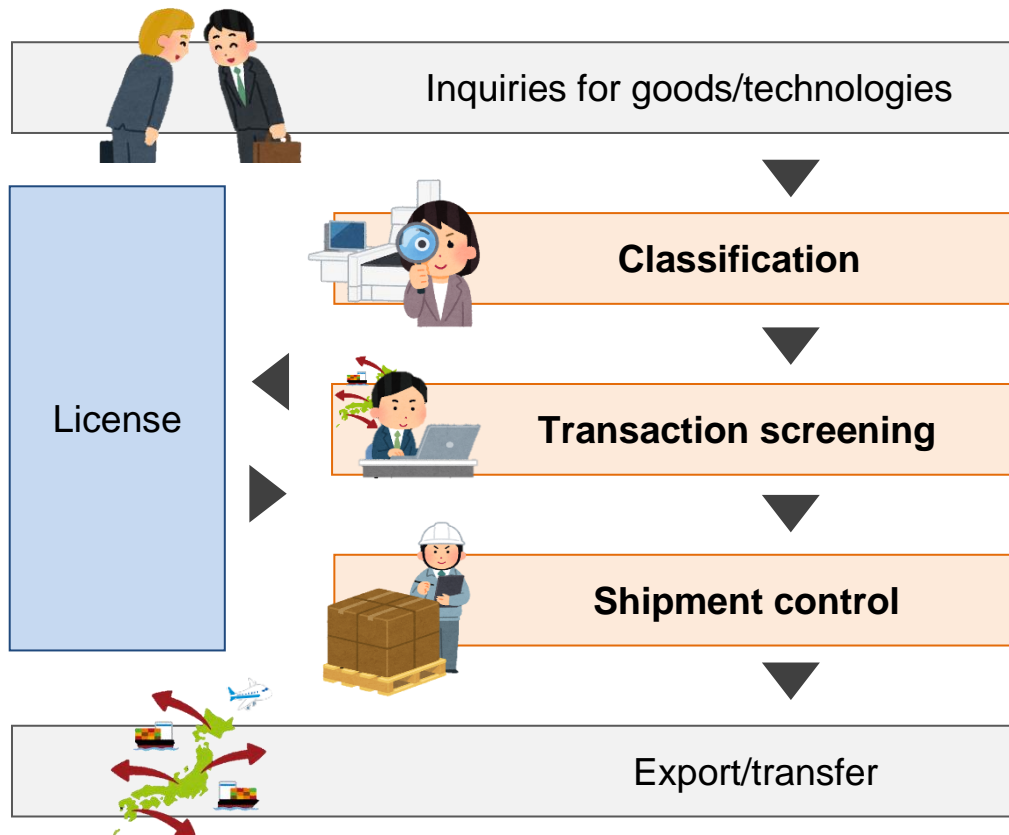
Persons who are held responsible for violations of the FEFTA are those who export goods or transfer technologies.
For example, even in the case where a trading company exports goods manufactured by a manufacturer, the trading company basically holds legal responsibilities because, under the law, it is the one that is exporting the goods.

CHAPTER 3 EXPORT CONTROL PRACTICES

I. OVERVIEW OF EXPORT CONTROL PRACTICES

There are three procedures that must be properly conducted as part of export control from the time an inquiry for the export of goods or transfer of technologies to the time of such export or transfer: "classification," "transaction screening," and "shipment control."

- ✚ Classification: Determining whether goods to be exported or technologies to be transferred are subject to the List controls
- ✚ Transaction screening: Determining whether to conduct a transaction by verifying the end-use, end-user, etc., of the goods or technologies
- ✚ Shipment control: Ensuring the identification and license status of the goods or technologies before their shipment



Important!

"Three pillars" of export control

The procedures of "classification," "transaction screening," and "shipment control" are so to speak the "three pillars" which consists of the effectiveness of export control. These three procedures must be conducted without any omission.



II. CLASSIFICATION

Classification is a procedure to determine whether the goods to be exported or technologies to be transferred are subject to the List controls.

If the result of the classification indicates that the goods or technologies are subject to the List controls, a license from the Minister of METI is required, in principle.

If you have any questions about the classification or interpretation of the regulations, please contact METI.



1. CLASSIFICATION PROCEDURES

As the first step in the classification procedure, identify the subject (goods/technologies) to be classified, and then collect the information necessary for classification.

After checking the details of the goods/technologies to be classified and the provisions of laws and regulations, a person who has detailed knowledge of the goods, etc., conducts classification.

After that, make a decision as an organization by the judgment of the person in charge.

STEP 1

Identifying the classification subject



STEP 2

Gathering information



STEP 3

Checking related regulations



STEP 4

Classification



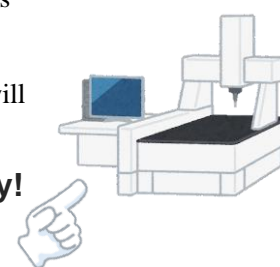
STEP 5

Internal decision

STEP 1: IDENTIFY THE SUBJECT (GOODS/TECHNOLOGIES) TO BE CLASSIFIED.


The subject of the classification is the "goods to be exported" or "technologies to be transferred." For example, if an inquiry is received from overseas for "a device to analyze XX," the device, its built-in program, specifications, etc., will be considered "goods/technologies to be exported" and will be subject to the classification.


Identify!



STEP 2: COLLECT THE NECESSARY INFORMATION TO CONDUCT CLASSIFICATION.

To determine whether a good/technology subject to classification falls under any of the items stipulated in laws and regulations, prepare items that show the contents and specifications of the good/technology. (E.g., catalogs, product manuals, specifications, etc.)

 In-house products: Check with those in charge of design, manufacturing, etc., who have detailed knowledge of goods, etc.

 Products of other companies: Download catalogs, etc., from websites, obtain information (including classification certificate) from manufacturers and distributors.



Collect!

STEP 3: CROSS-CHECK THE SUBJECT OF CLASSIFICATION AND RELATED REGULATIONS. (UTILIZATION OF THE MATRIX TABLE)

This Guidance explains how to cross-check using the "Goods/technologies Integrated Matrix Table"³⁰ posted on the METI's Security Export Control website. ³¹

The Matrix Table is a list of the regulations that specify controlled goods and technologies using Microsoft Office Excel (hereinafter referred to as "Excel").

Using the search function of Excel, conduct a broad search on the Matrix Table using the name of the subject to be classified, related terms, synonyms, etc., and see if there are any matches.

(*) Be aware that the names given in laws and regulations may differ from those that are used generally.

Cross-check!



Check

How to search in the Matrix Table

Perform steps (1) through (5) in the following figure to conduct a search.

(1) Click "Find & Select."

(2) Enter the keyword for

(3) Search Location: Select "Book."

(5) Click "Find All."

項番	項目	項番	項目	用語	用語の意味
24	輸出令第2項		貨物等省令第1条		政令:2項(1)
25					貨物等省令第1条
26	炭素繊維、アラミド繊維若しくはガラス繊維、炭素繊維若しくはガラス繊維を使用したアラミド繊維又は炭素繊維若しくはアラミド繊維を使用した成型品				炭素繊維、アラミド繊維若しくはガラス繊維、炭素繊維若しくはガラス繊維を使用したアラミド繊維又は炭素繊維若しくはアラミド繊維を使用した成型品
809					
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³⁰Goods/technologies Integrated Matrix Table: Please make use of it by downloading from METI's Security Export Control website.

https://www.meti.go.jp/policy/anpo/matrix_intro.html

³¹Main cross-check tools other than the Matrix Table: Export Trade Control Order Appended Table 1/Foreign Exchange Order Appended Table Terminology Index (Published by Japan Machinery Center for Trade and Investment)

STEP 4: CLASSIFY WHETHER THE SUBJECT IS APPLICABLE TO THE LIST CONTROLS. (UTILIZATION OF THE MATRIX TABLE)

When a match is found for your search keyword in the Matrix Table, check whether or not the "information on goods/technologies" prepared in STEP 2 matches the functions, specifications, and interpretation of terms listed in the Matrix Table.



Functions and specifications are specified in detail, including sizes, capacities, materials, etc., so cross-check such information with that described in the catalogs, etc.

If the result of the cross-check confirms a match, then you can classify the item to be subject to the List controls.³²

Classify!



If the item does not fall under any of the legally stipulated items, such as no matches found for your search keywords, or if a match is found but the item does not match the specifications, etc., then you can classify the item not to be subject to the List controls.

STEP 5: MAKE A DECISION AS AN ORGANIZATION ON THE CLASSIFICATION RESULT AFTER OBTAINING INTERNAL APPROVAL.

Based on the classification result, prepare the attached document "(1) Classification Certificate" and obtain the approval of the person in charge of the classification.

Based on the classification evidence, the person in charge confirms that there are no errors in the subject of the classification, that the subject of the classification conforms to the legal requirements, and that the classification is made in accordance with the latest laws and regulations, and then grants approval accordingly.



Important!

Appointment of classification officer

In accordance with the Compliance Standards for Exporters, etc., exporters are obliged to assign a person responsible for verifying whether goods and others to be exported or otherwise are subject to the List controls.

Key point

Improving the efficiency of classification

For those that have once been classified, in principle, there is no need to re-certify them, unless the relevant laws and regulations pertaining to the List controls are revised thereafter. It is effective to organize and manage the classification results and the classification evidence in a list (which needs to be reviewed whenever laws and regulations are revised).

³² Main judgment tools other than the Matrix Table: Itemized Comparison Table (published by CISTEC), Parameter Sheet (published by CISTEC), etc.

2. CAUTIONS ON CLASSIFICATION

CAUTION 1: CONDUCT THE CLASSIFICATION IN ACCORDANCE WITH THE LATEST LAWS AND REGULATIONS.

In principle, the List controlled goods are revised every year, so please be sure to check the latest laws and regulations to conduct the classification.

The latest laws and regulations are available on METI's Security Export Control website³³.

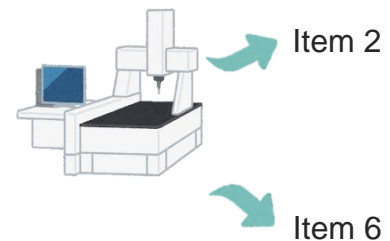


CAUTION 2: A SINGLE GOOD/TECHNOLOGY MAY BE CONTROLLED BY MULTIPLE CATEGORIES.

Some goods, such as a machine tool or carbon fiber, may be controlled by multiple categories.

When conducting the classification, please check carefully to avoid any oversights.

For example, a machine tool is controlled by nuclear weapons-related (Category 2) and conventional weapons-related (Category 6) items, so its classification should be conducted after cross-checking it with the functions and specifications corresponding to each item.



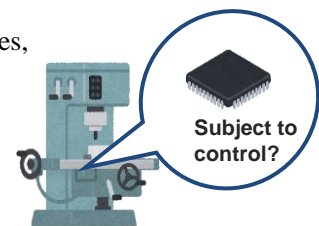
Key point

How to check with no oversight

Using the search function in the Matrix Table (Excel) allows you to check your item, and if it is controlled by more than one category number, exporters will see multiple matches.

CAUTION 3: ATTENTION SHOULD ALSO BE PAID TO COMPONENTS AND ACCESSORIES.

List controlled items may not only apply to the entire device, but also to its components and accessories. Even if you are exporting components or accessories, please check whether they are subject to the List controls by conducting the classification.



Key point

How to check for components and accessories

The List controls legally specifies the items as "pump or its attachments," "Telecommunication transmission equipment or components thereof," etc. To conduct the classification, find out whether the item to be classified is a component or accessory of what, and conduct a search using the name of the original product, etc. (pump, telecommunication transmission equipment, etc.) as a keyword.

³³METI's Security Export Control website (Revision Information): <https://www.meti.go.jp/policy/anpo/law09.html#003>

CAUTION 4: NAMES GIVEN IN LAWS AND REGULATIONS MAY DIFFER FROM THOSE THAT ARE GENERALLY USED.

Names that are used on a daily basis may differ from those in the regulations, for example, "GPS" is legally defined as "receiving equipment for navigation satellite systems."

When using the search function of the Matrix Table to check your item, search by its general name, technical terms, etc., and also refer to the "Terms Requiring Alternative Terms (Examples)"³⁴ posted on the METI's Security Export Control website.



Check using
alternative
terms!

CAUTION 5: THE CLASSIFICATION STATUS OF PURCHASED PRODUCTS SHOULD BE RECONFIRMED IN YOUR OWN COMPANY.

If you have purchased a product from another company, obtain its classification certificate from the manufacturer, distributor, etc., and conduct the classification again to re-verify the followings:

- whether the name, model, type, and other details of the goods, etc., subject to the classification match those of the goods, etc., to be exported; and
- whether the result of the classification and its reason are clear and reasonable, and whether they were verified based on the latest regulations, etc.



Re-verify!

Important!

Responsibilities under the FEFTA are essentially borne by the exporters, etc.!

If persons exported goods by classifying them as "not subject" when they were actually "subject" to the List controls due to an error in the classification certificate from the manufacturer, etc., they will be responsible for violating the FEFTA as exporters, so it is important to make sure to reconfirm the classification status.

³⁴Terms Requiring Alternative Terms (Examples): http://www.meti.go.jp/policy/anpo/matrix_intro.html

III. TRANSACTION SCREENING

Transaction screening is a procedure to determine whether to conduct a transaction by verifying security concerns based on the end-use of the goods to be exported or the technologies to be transferred, the business contracts, description of the end-user, etc., and other factors.

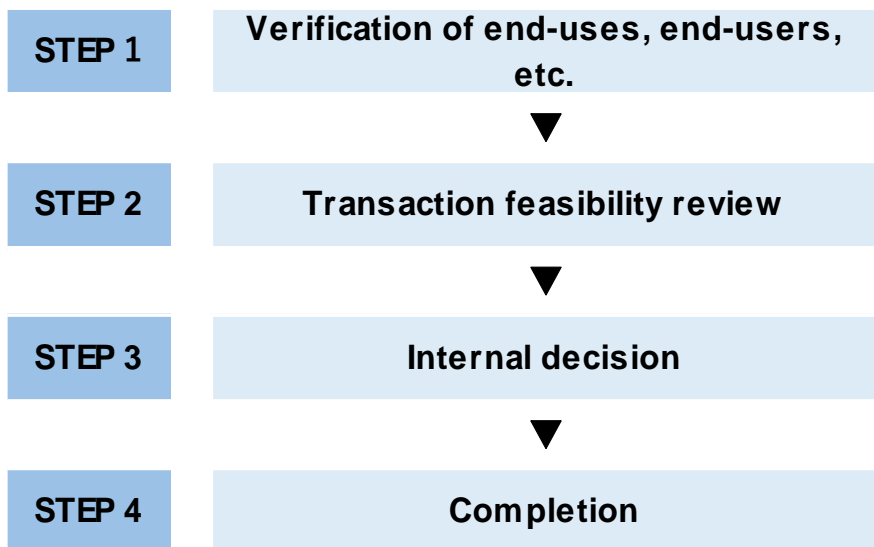
If you are in doubt about your transaction screening decision, please consult with METI.



1. TRANSACTION SCREENING PROCEDURES

As the first step in the transaction screening procedures, verify the end-use, end-user, etc.,³⁵ based on the information obtained from the end-user, etc., and confirm whether there are any security concerns in the transaction. Then, based on the verified end-use, end-user, etc., consider whether to conduct the relevant transaction and make an internal decision.³⁶

During the transaction screening, the exporters should confirm whether they apply a license to export goods or transfer technologies.



Key point

To ensure that transaction screening for the specific transactions (see page 17) is conducted appropriately, it is necessary to know in advance whether they fall under any of the specific categories (when accepting employees, etc.)

Key point

To appropriately and efficiently conduct the transaction screening, confirmation of the applicability and verification of the end-use, end-user, etc., it is effective to set the forms to be used for the procedures.

(Forms: "(1) Classification Certificate," "(2) End-use Checklist," "(3) End-user Checklist," "(4) 'Apparent' Guideline Sheet," and "(5) Transaction Screening Form")



³⁵ For "specific transactions" (see page 17), verify non-residents who are strongly influenced by residents as the end-users.

³⁶ If the goods to be exported or the technology to be transferred are not subject to the List controls and the destination is in Group A (the regions set forth in Appended Table 3 of the ETCO), they are not subject to the controls under the FEFTA.

STEP 1: VERIFICATION OF END-USE, END-USER, ETC.

Conduct the end-use or end-user, etc., verification, in any order.

The verification of end-use, end-user, etc., is a requirement of the Catch-all controls, and in the case of those subject to the List controls, it is a matter that must be confirmed in detail at the license application stage with reference to the "Key points of transaction screening" (described below).

(1) END-USE VERIFICATION

Verify the end-use of the goods to be exported or the technology to be transferred based on the contract, e-mails, or documents obtained from the counterparty. If the end-use is not stated in the contract, please inquire with the counterparty.

In addition, check whether the end-use of the goods or technology is consistent with the business description of the end-user, etc., and whether there is any risk that the goods or technology will be diverted to military or other uses of concern, and confirm that there are no security concerns (no risk of use for the development, etc., of WMD and conventional weapons, etc.)



(2) END-USER, ETC., VERIFICATION

Based on the "Foreign End User List" prepared by METI and company information available on the website and other sources of the end-user, etc., verify the outline of the end-user, etc., in terms of whether it is or has ever been engaged in the development, etc., of WMD, and whether it is a military, military-related organization, or similar organization.

If the goods to be exported or the technology to be transferred may be diverted to other uses, such as military use, in addition to the end-use verified above, it is advisable to also verify information on business partners, capital ties, etc., of the end-user, etc.

(E.g., In the case of a radio-controlled motor, whether or not there is a risk of it being used in a military drone)



Important!

Improving the reliability of the information on the end-use/end-user of exports of goods/technologies under List controls

Starting from May 1, 2022, when obtaining information on the end-uses and end-users of the goods subject to the List controls from persons other than the end-users, it is required to establish procedures to enhance the reliability of such information and verify the end-uses and end-users following the procedures, based on the Compliance Standards for Exporters, etc.

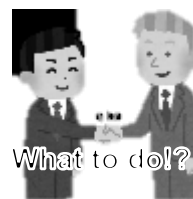
The procedures to enhance the reliability of information (examples)

Examples of the procedures to enhance reliability include the following items. Please refer to these items, taking into consideration the transaction volume, nature, destination, and other factors of the goods/technologies that persons export or transfer.

- ★ Periodic verification of public information (e.g., once/year)
- ★ Periodic verification using information provided by third parties not involved in the transaction
- ★ Interviews with end-users, taking advantage of opportunities to visit them in person, if available
- ★ Inclusion of a provision in the transaction details of such operations as exporting, which allows for unconditional cancellation of the contract or a claim for damages if there is a material violation, such as military diversion or unauthorized resale, or if it is found that false information has been provided, etc.

STEP 2: REVIEW WHETHER OR NOT TO CONDUCT THE TRANSACTION.

Based on the verification of the end-use, end-user, etc., review whether to conduct the transaction by verifying matters, such as security concerns and the necessity of a export license.



Key point

Key points of transaction screening

METI examines export licenses, etc., pursuant to the following criteria³⁷³⁸:

Please refer to these criteria when conducting transaction screening.

(1) The certainty that goods/technology will reach the end-user

Verify the certainty of goods/technology reaching the end-user and any possibility of them being passed on to a third party.

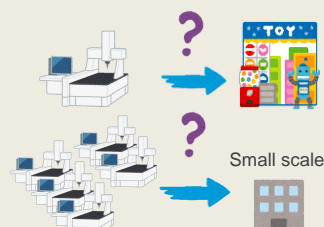
- ✚ Does the contract lead up to the end-user?
- ✚ Is there any unnatural route being requested for the transportation route?
- ✚ Is there any country of concern in the transaction path? Etc.



(2) The certainty that the end-user will use the goods/technology

Verify the certainty of goods/technology being used by the end-user and any possibility of them being used by a third party.

- ✚ Are the goods to be exported or the technology to be transferred consistent with the business description and technology level of the end-user?
- ✚ Is the end-use of the goods consistent with the business description of the end-user?
- ✚ Is the shipping volume demanded excessively large compared to the size of the end-user's business? Etc.



(3) The certainty that goods/technology will not be used for uses of concern

Verify any possibility of goods/technology being diverted to uses of concern, such as military use.

- ✚ Does the end-user have any transactions with military-related companies?
- ✚ Does the end-user handle military goods?
- ✚ Is the end-user funded by the military? Etc.



(4) The certainty that goods/technology will be properly managed

Verify that goods/technology are properly managed by the end-user based on where the goods are placed and how the goods/technology are managed.

- ✚ Where will the goods be placed, and have the locations of their placement and use been determined?
- ✚ Are the methods of managing goods/technology appropriate, for example, restricting the entry of outsiders? Etc.



³⁷Governing laws and regulations: Operation of the Export Trade Control Order (Export Precautions 62 No. 11/62 TECB No. 322)

³⁸Governing laws and regulations: Service Transactions or Activities Requiring License in Accordance with Paragraph 1, Article 25 of the Foreign Exchange and Foreign Trade Act and Paragraph 2, Article 17 of the Foreign Exchange Order (4 TECB, No. 492 dated December 21, 1992)

Key point

Please check the following points to determine whether or not a license from the Minister of METI is required, depending on the result of the classification.

Classification result	Items to be checked
Yes	Check whether special provisions that do not require a license can be applied. If they cannot be applied, a license from the Minister of METI is required.
NO	In the following cases, a license from the Minister of METI is required: [1] When a notice is received from the Minister of METI that a license application is required [2] When there is a risk of use for the development, etc., of WMD [3] When there is a risk of use for the development, etc., of conventional weapons (For countries/regions under UNSC Arms Embargo)

STEP 3: MAKE A DECISION AS AN ORGANIZATION ON THE TRANSACTION SCREENING AFTER OBTAINING INTERNAL APPROVAL.

- ▶ Determine whether or not to conduct a transaction by preparing "(5) Transaction Screening Form" and obtaining the approval of the person in charge of transaction screening.
- ▶ The person in charge of transaction screening verifies whether there are any security concerns, etc., by also referring to the key points of transaction screening, and then gives approval. Especially the inquiries made through overseas subsidiaries, etc., should be carefully verified to ensure that there are no concerns regarding the end-uses, end-users, etc.



STEP 4: COMPLETION OF TRANSACTION SCREENING (APPLICATION FOR A LICENSE TO METI)

- ▶ If the results of the transaction screening indicate that a license for export, etc., is required, an application for such license must be filed with METI and the license must be obtained from the Minister of METI before exporting any goods or transferring any technology. See Chapter II, V. for more information on how to apply for the licenses.



2. SPECIAL PROVISIONS OF LICENSE EXCEPTIONS

In principle, a license is required for the export of goods, etc., if they are subject to the List controls, however, as a special provision, there may be cases where it may not be required under the provisions of Article 4 of the ETCO or Article 9 of the Ministerial Order on Trade Relation Invisible Trade, etc. However, if the special exemption is applied incorrectly, it will be a legal violation, such as unauthorized export, etc. Therefore, it is important to make decisions responsibly as an organization.

(1) MAIN SPECIAL PROVISIONS FOR GOODS

Type	Description																					
Free of charge exemptions Item (ii), Paragraph 1, Article 4 of the ETCO 39	<p>(1) Goods imported without charge for the purpose of export without charge (excerpt)</p> <ul style="list-style-type: none">- Goods exported from Japan that are to be repaired in Japan and then re-exported- Goods exhibited from a foreign country at an exposition, etc., held in Japan that are to be returned after the exposition is over- Goods imported for the purpose of transporting other goods that are to be exported to be returned after being imported <p>(2) Goods to be exported without charge for the purpose of import without charge (excerpt)</p> <ul style="list-style-type: none">- Goods to be exported for the purpose of transporting other goods that are to be imported after being exported <p>*Special provisions do not apply to goods to be exported for an exhibition, etc., overseas, even if they are to be returned to Japan after the exposition is over.</p> <p>*When returning a product purchased from overseas to a foreign manufacturer due to a defect or other reason, an export license is also required.</p>																					
Low value exemptions Item (iv), Paragraph 1, Article 4 of the ETCO	<p>If the List controlled goods fall under the following (ii), (iii), or (v) category, an export license may not be required.</p> <table><tr><th>No.</th><th>Goods category</th><th>Value to apply</th></tr><tr><td>(1)</td><td>Goods listed in the Appended Table 1-1 through 1-4 of the ETCO</td><td>Not applicable</td></tr><tr><td>(2)</td><td>Goods listed in the Appended Table 1-5 through 1-13 of the ETCO, excluding those in (3) below</td><td>Equal to or less than one million yen</td></tr><tr><td>(3)</td><td>Goods designated by the Minister of METI pursuant to the provision of the Appended Table 3-3 of the ETCO (Appended Table 3-3 Announcement)</td><td>Equal to or less than fifty thousand yen</td></tr><tr><td>(4)</td><td>Goods listed in the Appended Table 1-14 of the ETCO</td><td>Not applicable</td></tr><tr><td>(5)</td><td>Goods listed in the Appended Table 1-15 of the ETCO</td><td>Equal to or less than fifty thousand yen</td></tr><tr><td>(6)</td><td>Goods listed in the Appended Table 1-16 of the ETCO</td><td>Not applicable</td></tr></table> <p>*The value to apply is the total value of the contract and is determined based on the sum of each bracketed item number of the List controlled goods described in the contract, regardless of the number of times shipped.</p> <p>*Not applicable to regions other than those set forth in the Appended Table 3 of the ETCO if the items could be used for development, etc., of WMD or conventional weapons.</p> <p>*Not applicable if destined for North Korea, Iran, or Iraq.</p>	No.	Goods category	Value to apply	(1)	Goods listed in the Appended Table 1-1 through 1-4 of the ETCO	Not applicable	(2)	Goods listed in the Appended Table 1-5 through 1-13 of the ETCO, excluding those in (3) below	Equal to or less than one million yen	(3)	Goods designated by the Minister of METI pursuant to the provision of the Appended Table 3-3 of the ETCO (Appended Table 3-3 Announcement)	Equal to or less than fifty thousand yen	(4)	Goods listed in the Appended Table 1-14 of the ETCO	Not applicable	(5)	Goods listed in the Appended Table 1-15 of the ETCO	Equal to or less than fifty thousand yen	(6)	Goods listed in the Appended Table 1-16 of the ETCO	Not applicable
No.	Goods category	Value to apply																				
(1)	Goods listed in the Appended Table 1-1 through 1-4 of the ETCO	Not applicable																				
(2)	Goods listed in the Appended Table 1-5 through 1-13 of the ETCO, excluding those in (3) below	Equal to or less than one million yen																				
(3)	Goods designated by the Minister of METI pursuant to the provision of the Appended Table 3-3 of the ETCO (Appended Table 3-3 Announcement)	Equal to or less than fifty thousand yen																				
(4)	Goods listed in the Appended Table 1-14 of the ETCO	Not applicable																				
(5)	Goods listed in the Appended Table 1-15 of the ETCO	Equal to or less than fifty thousand yen																				
(6)	Goods listed in the Appended Table 1-16 of the ETCO	Not applicable																				

³⁹Governing laws and regulations: Goods Imported without Charge for the Purpose of Export without Charge and Goods to be Exported without Charge for the Purpose of Import without Charge, which are Specified by the Minister of Economy, Trade and Industry by Public Notice Pursuant to Items (ii)-(e) and (f), Paragraph 1, Article 4 of the Export Trade Control Order (Public Notice of the Ministry of International Trade and Industry No. 746)

(2) MAIN SPECIAL PROVISIONS FOR TECHNOLOGIES (PARAGRAPH 2, ARTICLE 9 OF THE MINISTERIAL ORDER ON TRADE RELATION INVISIBLE TRADE, ETC.)

Type	Description
Technology in the public domain (Item (ix), Paragraph 2)	Transactions, etc., to provide technology which is already open to a large number of unspecified people through, for example, newspapers, account books, magazines, catalogs, or files on a telecommunication network
Basic science research (Item (x), Paragraph 2)	Transactions to provide technology for basic scientific research
Filing an application or a registration for industrial property rights (Item (xi), Paragraph 2)	Transactions, for the purpose of filing an application or a registration for industrial property rights, to provide the minimum technology necessary for such application or registration
Technology designed to be used with certain goods that is provided simultaneously when such goods are exported (Item (xii), Paragraph 2)	Transactions to provide technology designed to be used with certain goods with which technology is provided simultaneously when such goods are exported (except for programs and other technology specified in a public notice ⁴⁰), through which the minimum technology necessary for the installation, operation, maintenance, and repair of said goods is provided to the end-user, etc., of said goods
Technology designed to be used with a certain program that is provided simultaneously when such program is provided (Item (xiii), Paragraph 2)	Transactions to provide technology designed to be used with a certain program that is provided simultaneously when such program is provided (except for programs and other technology specified in a public notice), through which the minimum technology necessary for the installation, operation, maintenance, and repair of said program is provided to the other party, etc., to the transactions concerning said program
Commercially available programs (Item (xiv), Paragraph 2)	Transactions relating to commercially available programs for design, manufacture, or use (When the place, etc., of technology transfer is outside the regions set forth in the Appended Table 3 of ETCO, this does not apply to such cases where they may be used for development, etc., of WMD or conventional weapons.)

(*) When determining the applicability of the above special provisions in practice, please be sure to refer to the relevant laws and regulations.

⁴⁰Governing laws and regulations: Technology, Programs and Goods for Use Specified by the Minister of METI in a Public Notice pursuant to the Provisions of Items (xii), (xiii) and (xiv), Paragraph 2, Article 9 of the Ministerial Order on Trade Relation Invisible Trade, etc. (METI Public Notice No. 307, October 16, 2009)

IV. SHIPMENT CONTROL

Shipment control is a procedure to ensure the identification of goods/technologies before exporting/transferring them to prevent any legally controlled goods/technologies from being shipped mistakenly.

Shipment control is the final gateway to prevent violations, such as unauthorized exports.



SHIPMENT CONTROL PROCEDURES

As the first step in the shipment control procedures, inform the person in charge of shipment/transfer of technologies that the series of procedures including transaction screening has been completed and instruct him/her to ship, while conveying any necessary information.

Then, the person in charge of shipment/transfer of technologies ensures the identification of the goods/technologies.

STEP 1

Shipment instructions



STEP 2

Ensuring identification, etc.



STEP 3

Completion

STEP 1: INSTRUCTING THE PERSON IN CHARGE OF SHIPMENT

Upon completion of the classification and transaction screening and after obtaining an export license, etc., if a license is required, notify the person in charge of shipment, that these procedures have been completed and instruct him/her to ship.



Key point

Communicating necessary information to the person in charge of shipment.

To properly ensure shipment control, the information necessary for shipment procedures (e.g., results of the classification and transaction screening) must be communicated (shared) to the person in charge of shipment.

(Necessary information: Export control documents, such as the classification certificate, transaction screening form, export license, and invoice)



STEP 2: ENSURING IDENTIFICATION OF GOODS TO BE SHIPPED

The person in charge of shipping checks the following items after receiving the shipping instructions.

- ✚ Have the classification and transaction screening been completed?
- ✚ If an export license is required, has it been obtained?
- ✚ Are the goods to be shipped or the technologies to be transferred identical to the goods or technologies for which the classification and transaction screening were conducted?
- ✚ If an export license has been obtained, are the goods/technologies to be shipped identical to those licensed?



Key point

Shipment instructions, including communicating shipment information, etc., and ensuring identification, can be effectively carried out using forms, such as the "(6) Shipment Checklist."

STEP 3: COMPLETION OF SHIPMENT CONTROL

- After the confirmation in STEP 2, the goods/technologies are ready to be shipped.
- Be sure to notify the relevant departments when the shipment is completed.



Important!

Requesting a customs broker to carry out export customs clearance procedures

When exporting goods, you will be requesting a customs broker to carry out export customs clearance procedures. When doing so, be sure to communicate the necessary information to prevent any procedural errors, in addition to sending the relevant documents.

[Documents to be sent] Export license (including bulk license), etc.

[Details to be communicated] Whether an export license has been obtained (including a bulk license), whether any of the special provisions apply

CHAPTER 4 ESTABLISHMENT OF INTERNAL EXPORT CONTROL SYSTEM

Exporters are required to conduct export control in accordance with the Compliance Standards for Exporters, etc. (see Chapter 2. IV.). This section describes the specific details of the internal export control system for exporters to properly conduct export control within their organizations, while also taking into account the details described in the Compliance Standards for Exporters, etc.

I. INTERNAL EXPORT CONTROL SYSTEM

1. DIVISION OF ROLES

To properly conduct export control, it is effective to create a system inside. The system to ensure proper export control should particularly include a structure to double-check careless mistakes or oversight by those in charge, and be established under clear division of duties and scope of responsibility.⁴¹

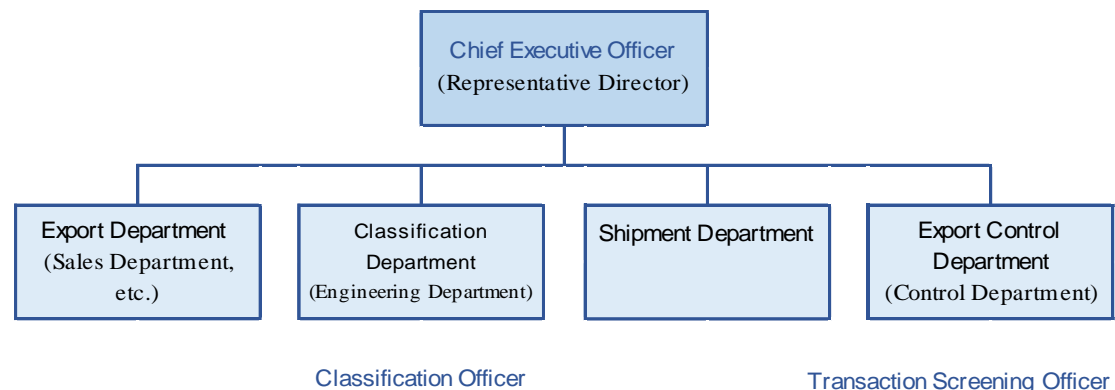
For the export control system, the roles of each department (or person in charge) related to export control should be defined according to the actual conditions of each company, such as business category, company size, and the number of employees. (This section describes a general case in a company.)

Important!

In order to establish an export control system, it is important that top management and other leaders understand the necessity and contents of export control, and that the entire company engage in export control activities under their leadership.

(1) EXPORT CONTROL SYSTEM CHART

It is important to clarify the departments and persons in charge of the classification, transaction screening, and shipment control, which are required to conduct export control, using a system chart or a list (see Attachment "(7) List of Departments and Persons in Charge").



The transaction screening for the transfer of technologies is required when a company transfers technologies to its own employees who fall under the specific categories. We recommend that the

⁴¹ In accordance with the Compliance Standards for Exporters, etc., exporters who handle the List controlled goods are required to have the representative of their organizations designated as the person in charge of export control, and to establish an export control system within their organizations.

procedures for confirming the applicability of the specific categories be taken when accepting employee in cooperation with the Human Resources Department.

(2) DEPARTMENTS IN CHARGE OF EXPORT CONTROL

EXPORT DEPARTMENT

The Export Department is the department responsible for exporting goods or transferring technologies.

In the case of exports through the sale of products, this is generally the Sales Department, and the Engineering Department in the case of the transfer of technologies or the export of technical samples.

This department collects information on the end-use, end-user, etc., required for transaction screening and verifies such information together with the Export Control Department.



CLASSIFICATION DEPARTMENT

The Classification Department is the department that conducts classification of products developed in-house.

The department also conducts classification of purchased goods on its own based on the classification certificate, etc., obtained from the suppliers.

Since the department must have detailed knowledge of the goods to be exported and the technologies to be transferred, the Engineering Department usually serves this function.



SHIPMENT DEPARTMENT

The Shipment Department is the department that verifies shipment of goods/technologies and arranges for exports.

This department is in charge of shipment control, such as ensuring identification, to prevent any controlled goods/technologies from being mistakenly exported.



EXPORT CONTROL DEPARTMENT

The Export Control Department is the department that serves as the control center for export control within the entity, and is responsible for creating, revising, or abolishing export control operation rules and disseminating information on regulatory revisions to relevant parties.

It is also responsible for transaction screening, approval of transactions, and filing for licenses with METI (in some cases, the Export Department files for the licenses). In addition, it is responsible for identifying and managing information on individuals who fall into the specific categories in cooperation with the Human Resources Department, as well as communicating this information internally to the necessary departments.



To small and medium-sized enterprises (SMEs)

It is understandable that some companies may not be able to separately organize these functions given their size. The purpose of this section is to help exporters clarify the persons and organizations in charge of the necessary tasks in export control. In particular, it is important that you clarify who will perform the procedures described in Chapter 3 Export Control Practices.

(3) ROLES AND APPOINTMENT OF PERSONS IN THE EXPORT CONTROL SYSTEM

CHIEF EXECUTIVE OFFICER

Role: The Chief Export Control Officer is responsible for overseeing the entire export control activities within the company and has ultimate responsibility as a company.

Appointment: The Chief Executive Officer should be the one who represents the organization, or in the case of a general corporation, the Representative Director should be designated as the Chief Executive Officer.



CLASSIFICATION OFFICER

Role: The Classification Officer has the ultimate responsibility for determining whether goods/technologies are subject to the List controls.

Appointment: Those engaged in exporting are required to appoint a Classification Officer. It is recommended that the Classification Officer be selected from among those who have knowledge of the goods to be exported or the technology to be transferred as well as of relevant regulations.



TRANSACTION SCREENING OFFICER

Role: The Transaction Screening Officer has the ultimate responsibility for transaction screening to determine whether to conduct a transaction based on the classification and verification of the end-use, end-user, etc.

Appointment: The decision of whether to engage in a transaction must be made fairly, so it is recommended that the Transaction Screening Officer is in a position to make judgments independently of the Export Department (e.g., Sales Department), the representatives in charge of exports.

In addition, the Transaction Screening Officer must be appointed from among the directors, as he/she will be making the final decisions on the transactions as an organization.



Key point

Shipment Control Officer

Although there are no regulations regarding the appointment of a Shipment Control Officer, appointing such an officer is recommended.

Role: He/she has the ultimate responsibility for shipment control, such as ensuring identification.

Appoint: He/she is required to have the authority to immediately stop the shipping if there are any deficiencies in the shipment control.



To small and medium-sized enterprises

If it is difficult to appoint each of these responsible persons, it is possible that the Representative Director serves as the Chief Export control Officer and the Transaction Screening Officer, or that the Representative Director concurrently serves in all these capacities. What is important here is to conduct export control responsibly as an organization.

2. INTERNAL COMPLIANCE PROGRAM (CP) FOR EXPORT CONTROL

Internal compliance program (CP⁴²) for export control is an effective tool to ensure compliance with the FEFTA and other relevant regulations, and to prevent violations against the regulations.

METI recommends that internal CP be established and export control be conducted accordingly. While exporters are required to comply with the Exporter Compliance Standards, etc., they are not legally required to formulate CP for export control. Formulation of CP is an optional procedure, but it is intended to help strengthen export control of the exporters.



Check ✓

Notification system to METI

Although optional, there is a notification system for internal CPs for export control to METI. Notify your CP for export control in accordance with the "Notification, etc., of Export Control Internal Compliance Program" (Export Precautions 17 No. 9, dated February 25, 2005), and to ensure strict export control as a notified company, make sure that you conduct audits, provide education (training) and guidance to your subsidiaries, and keep records, which are stipulated as endeavors obligations by the Ministerial Order on Compliance Standards for Exporters, etc.

If you notify your CP for export control to METI and METI determines that the details of your export control practices are appropriate, you will benefit from the following advantages:

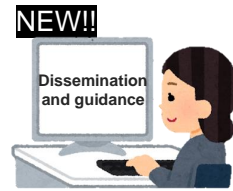
- ✚ You will be able to obtain a bulk license (except for the "General Bulk License").
- ✚ You will receive emails from METI regarding system revisions and other information whenever they occur.
- ✚ The name of your company will be posted on METI's website as a company that has well established export control system (on request only).

⁴² CP | Compliance Program

3. DISSEMINATION AND GUIDANCE ON THE LATEST REGULATIONS

It is necessary to inform and instruct persons⁴³ engaged in the export of goods and the transfer of technologies of the latest regulations on a regular basis.⁴⁴ For example, if there is an amendment to the List controlled goods of the ETCO, it is necessary to review the classification, and if the Foreign End User List is revised, it is necessary to use the latest list when verifying the end-users.

Therefore, information on the latest regulations should be collected and disseminated in a timely manner.



NEW!!

Key point

How to disseminate information and provide guidance

Information may be disseminated by the person in charge of export control via e-mail, letters or at regular internal meetings, etc.

It is essential to create an environment in which the contents of disseminated information can be viewed at any time by those engaged in the relevant tasks.

In addition to the above methods, it is also recommended to post information on an intranet within the company.



4. GUIDANCE, ETC., TO SUBSIDIARIES INVOLVED IN EXPORTS.

If any of your subsidiaries⁴⁵ is involved in your export of the List controlled goods⁴⁶, make efforts to establish an internal system and procedures to implement guidance, training, and verification of the subsidiary's business systems and contents (hereinafter referred to as "guidance, etc.") and to regularly (e.g., once a year) provide guidance, etc., to ensure that the subsidiary properly conducts its operations. In doing so, exporters should devise ways to ensure proper and effective export control as a whole by arranging the content of the guidance, etc., based on the volume, feature, destination, and other factors of the exports to be handled by the subsidiary.

Key point

What is "guidance, etc."

Guidance: Guidance to ensure dissemination of the latest regulations and compliance with the provisions of relevant regulations (including guidance on improvements of the operations and system)

Training: Training to ensure the acquisition of knowledge and skills necessary for the proper conduct of export control.

Verification of their export control: Verification of the subsidiary's rules and regulations, audit of its operations, or inspection/confirmation of the results of audits conducted by the subsidiary

⁴³ Persons engaged in export, etc.: All persons who perform tasks related to export control. That is, all departments involved in export control practices. (E.g., Sales Department serving as an Export Department, Engineering Department that conducts classification, Shipping Department in charge of shipping, Export Control Department, etc.)

⁴⁴ Under the Compliance Standards for Exporters, etc., those who export, etc., as a business are required to comply with the requirements to inform the persons engaged in export, etc., of the latest laws and orders thereunder, and to provide the necessary guidance for compliance with the provisions of other related laws and regulations.

⁴⁵ Subsidiary in the Ministerial Order on Compliance Standards for Exporters, etc., means a subsidiary as defined in Item (iii), Article 2 of the Companies Act.

⁴⁶ If a subsidiary does not perform any operations related to the control of export, etc., conducted by the exporter, etc., the subsidiary is not applicable in this case. On the other hand, if, for example, pre-screening has been conducted to verify the end-use, the subsidiary is applicable in this case.

5. REPORTING OF VIOLATIONS AND MEASURES TO PREVENT RECURRENCE

Any violation or potential violation of relevant regulations must be promptly reported to your Chief Export Control Officer (Representative Director, etc.) and to METI without delay. In addition, when a violation has occurred, necessary measures must be taken to prevent its recurrence.



(1) REPORTING TO THE CHIEF EXECUTIVE OFFICER

In the event of any legal violation or possible legal violation, such as the unauthorized export of goods, promptly report such violation to Chief Export Control Officer.



(2) REPORTING TO METI

After reporting to your Chief Executive Officer, report to METI without delay.⁴⁷

After reviewing the contents of the report, METI will conduct a review of the export if any violations are found. At that time, you will be required to submit materials regarding such violations in accordance with METI's instructions.



(3) FORMULATION OF MEASURES TO PREVENT RECURRENCE

After reporting to METI, to formulate and implement measures to prevent the recurrence is required.



Check

Review of exports by METI

The purpose of the review of export is to "clarify the facts" and "prevent recurrence." After clarification of the facts, the violator may be subject to criminal charges, administrative sanctions, warnings, and disciplinary actions, such as submission of a background statement or report. In this process, the factors including the cause of the violation, the actual end-use, and the degree of cooperation in the review of export are taken into consideration.

⁴⁷ Report to: METI's Security Export Inspection Office (TEL: 03-3501-2841): <https://www.meti.go.jp/policy/anpo/violation00.html>

II. EFFORTS TO MANAGE THE EXPORT CONTROL SYSTEM

To properly operate and maintain export control, it is important to implement "education (training)," "audits," and "documentation and record keeping.;" make efforts to raise awareness of export control within organizations, regularly check the operating status of export control, and keep export-related documents, which are evidence of your proper implementation of export control, for a certain period of time. ⁴⁸

1. EDUCATION (TRAINING)

Education is important to help your employees understand the necessity and importance of export control and to ensure that export control is implemented thoroughly. Hence, it is required for exporters to make efforts to provide systematic education to all officers and employees involved in export control.



Item	Description
Subjects	All employees, including officers, executives, managers, practical workers, transferees, and new employees
Frequency	At least once a year
Contents	<ul style="list-style-type: none"> ✚ General education: To help employees acquire basic export control knowledge ✚ Practical education: To help employees become skilled in the procedures and operation of export control operations within the company so that they are properly carried out <p>(*) Depending on the needs of the subjects, consider the content of the education and implement it.</p>
Textbook	You are encouraged to prepare your own textbooks suitable for your company, but you can also use materials from METI's briefing sessions and other sources as textbooks for acquiring basic knowledge.
Methods	You may use lecture-style group education, online web-based education, e-learning, etc. Providing level-specific education to a limited number of employees is also an option.
Recording	Whenever you provide education, make sure to retain an education record. [Examples of education record matters: date and time of education, education method, name of lecturer, and names of trainees]

⁴⁸ Under the Compliance Standards for Exporters, etc., exporters, etc., who handle the List controlled goods, etc., are required to make efforts to conduct "education (training)," "audits," and "document retention."

2. AUDITS

Audits are used to check whether export control is being properly implemented within the company in accordance with the regulations. They are extremely important for export control, as properly conducted audits can uncover any legal violations and can also be used as a tool for improving the export control system. For this reason, it is required to make efforts to conduct regular audits to check the operating status of your export control system.

Check!!



Item	Description
Subject departments	All departments related to export control will be subject to the audit. [Subject departments: Sales, Engineering, Manufacturing, Shipment, Export Control, etc.]
Department conducting the audit	The department conducting the audit may vary depending on the size of the business and other factors. [E.g., Audit Department, Export Control Department, Chief Executive Officer, etc.] (*) If the Audit Department is to conduct the audit, ensure that the auditor is knowledgeable about export controls. If the Export Control Department is to conduct the audit, it is necessary to arrange for another department (Administration Department, etc.) to conduct the audit for the Export Control Department.
Audit frequency	At least once a year (*) The auditing period should be scheduled continuously so that there is no gap from the previous audit period.
Method of implementation	Check each item of export control to confirm whether it has been reliably conducted in accordance with the regulations. [Audit items: export control system, classification, transaction screening, shipment control, education (training), and record keeping] (*) It is also effective to prepare an audit checklist or similar form. The details of audit items in the audit checklist, etc., should be prepared based on the situation of each company. Attachment: "(8) Audit Checklist [Outline Version]"
Audit reporting	After conducting an audit, the auditor is required to promptly prepare an audit report and submit it to the Chief Executive Officer. If any legal violations are found, they must be reported to METI as well.
Improvement and corrective actions	If the audit clarify that some items needs to be improved or corrected, the auditor should request the relevant department to take corrective action, and the department needs to make the correction in accordance with the instructions.

To small and medium-sized enterprises

While audits are important for companies, SMEs may find it difficult to conduct specialized export audits by setting the audit department. In such cases, an alternative option is this: to make use of an "(8) Audit Checklist [Outline Version]" listing items required by export control, and to check how export control operations are being carried out by the Chief Executive Officer or the person in charge of export control.

3. DOCUMENTATION AND RECORD KEEPING

It is required to make efforts to keep documents or other recording media related to export control, and the record keeping will show as an evidence that export control has been properly implemented in the event of any violation found or in the event of an audit, .

Keep properly!



Item	Description	
Documents (Export-related documents, etc.)	all relevant documents involved in a series of transactions from inquiry, etc., to shipment, loading, or transfer of technology.	
	Documents obtained from the counterparty	Contracts, purchase orders, export request documents, return material authorizations (RMAs), meeting minutes, etc.
	Documents for internal screening procedures	Documents for classification and transaction screening, including the verification of end-use, end-user, etc. (This also include documents related to the confirmation of the applicability to the specific categories)
	Export customs clearance documents	Invoice, export license, export license notice, bill of lading (B/L), air waybill (AWB), etc.
Period	<p>From the date of export of goods or transfer of technology</p> <ul style="list-style-type: none"> At least 7 years for those related to arms and WMD (Category 1 to 4 of Appended Table 1 of the ETCO and Appended Table of the FEO) At least 5 years for those related to conventional weapons, etc. (Category 5 to 16 of Appended Table 1 of the ETCO and Appended Table of the FEO) <p>*Records that confirm the applicability of employees to the specific categories, such as written pledges submitted at the time of hiring, should be appropriately kept for the period during which the transfer of controlled technologies to these employees is expected, regardless of whether they fall into the specific categories.</p>	
Methods	<p>Other than retaining the original paper documents, electronic files may also be used as a method of record keeping.</p> <p>It is important to stipulate the documentation department and location of the record so that documents will not be lost during the period and so that documents can be easily accessed.</p>	

CONTACTS FOR INQUIRIES

COMMENTS ON SECURITY EXPORT CONTROL POLICIES IN GENERAL AND ON THE WEBSITE, OR INQUIRIES ABOUT THE FOREIGN END USER LIST

Security Export Control Policy Division, Trade and Economic Cooperation Bureau,

INQUIRIES ON THE OUTLINE OF THE SECURITY EXPORT CONTROL SYSTEM OR INTERPRETATION OF THE REGULATIONS

Security Export Control Administration Division, Trade and Economic Cooperation Bureau, METI

Contact for general consultation (excluding application procedures for export/service transaction licenses, etc.):

bzl-qqfcbh@meti.go.jp

Contact for consultation regarding deemed exports (applicability to specific categories and its verification procedures):

bzl-minashi-QA@meti.go.jp

INQUIRIES ON INTERPRETATION OF THE REGULATIONS AND APPLICATION PROCEDURES FOR LIST CONTROLS, CATCH-ALL CONTROLS, AND BULK EXPORT LICENSES

Security Export Licensing Division, Trade and Economic Cooperation Bureau, METI

Contact for consultation on List controls (including license application for deemed exports): bzl-qqfcbf@meti.go.jp

Contact for consultation on Catch-all controls:

bzl-anposhinsa-catchall@meti.go.jp

Reporting of violations, or inquiries on Compliance Standards for Exporters, etc., and Internal Compliance Program (CP) for Export Control

Security Export Inspection Office, Trade and Economic Cooperation Bureau,

bzl-qqfcbh@meti.go.jp

*For departments that list e-mail addresses, we ask that you contact them by e-mail as a general rule.

We apologize for any inconvenience this may cause and appreciate your understanding and cooperation.

SECURITY EXPORT CONTROL WEBSITE

The Security Export Control website provides an outline of the export control, procedures for a license application, as well as the latest regulation information and upcoming seminars.

HOME PAGE (WHAT'S NEW, REVISION INFORMATION, ETC.)

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

OUTLINE OF SECURITY EXPORT CONTROL

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

Q&A

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

Regarding deemed export controls

<https://www.meti.go.jp/policy/ampo/ampo07.html>

MATTERS RELATED TO LICENSE APPLICATIONS

<https://www.meti.go.jp/policy/ampo/apply01.html>

INFORMATION ON UPCOMING SEMINARS, ETC.

<https://www.meti.go.jp/policy/ampo/seminar00.html>



ATTACHED DOCUMENTS

Attachment 1: Example of a Practical Manual for Export Control Procedures

The contents of this Guidance (methods and procedures of export control) are explained in line with practical application.

Attachment 2: Examples of Classification procedures**Attachment 3: Glossary of Export Control Terms****Attachment 4: Forms** (1) Classification Certificate

(2) End-use Checklist

(3) End-user Checklist

(4) "Apparent" Guideline Sheet

(5) Transaction Screening Form

(6) Shipment Checklist

(7) List of Departments and Persons in Charge

(8) Audit Checklist [Outline Version]

Attachment 5: Pledge Concerning Applicability to Specific categories for Compliance with Paragraphs 1 and 2 of Article 25 of the Foreign Exchange and Foreign Trade Act**Attachment 6: Flowchart for confirming the applicability to the specific categories**

*Attached documents are available in Japanese only.



Contact for inquiries on Security Export Control Guidance [Introduction]

Contact: Security Export Inspection Office, Trade and Economic Cooperation Bureau, METI

Tel | 03-3501-2841

Mail | outreach-info@meti.go.jp

Information on the Outreach Program for SMEs

The program holds seminars and consultation sessions and provides support for the establishment of export control systems.

All of these services are free, so please feel free to use them.

Contact: Outreach Program for SMEs, METI

Mail | outreach-info@meti.go.jp

URL | <https://www.meti.go.jp/policy/anpo/chusho.html>

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[METI's website]
Page on Outreach
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