

**On the Revision to the Application of Export Controls Dated August 7
(Preliminary Report)**

August 7, 2019

Center for Information on Security Trade Control
(CISTEC)

1. Key points of the today's revision to the application of export controls

Japan's application of export controls has been revised today in accordance with the revised ordinance for excluding the ROK from the list of "white countries" (hereafter referred to as the "Group A countries"), which was approved by the Cabinet on August 2 and promulgated today.

The key points of the update are as follows.

- (1) Besides the three items (fluorinated polyimide, photoresists and hydrogen fluoride) that have been designated as requiring individual licenses for the export to the ROK, no other items have been added as "controlled items the export of which would require the individual license".
- (2) The ROK's exclusion from the conventional list of "white countries" now renders exporters unable to take advantage of the "general bulk export license," but the "special general bulk export license" system (*1) may be used. The scope of items that fall under the "special general bulk export license" is basically the same as the "general bulk export license."
- (3) Even in cases where only the "special bulk export license"(*2) may be used for exports to other countries that are participants in the multilateral export control regimes, the "special general bulk export license" may be used for exports of a large number of item categories to the ROK.

*1 Special general bulk export license: A license that is granted to exporting companies which are judged as implementing strict voluntary controls and may be used for exports to both "white countries" and non-white countries.

*2 Special bulk export license: A license that is granted to companies which export items to customers with whom they have a continuous relationship (on the premise that strict voluntary controls are implemented).

In sum, the ROK is removed from the list of white countries, but it is still entitled to greater preferential treatment compared to other countries that are participants in the multilateral export control regimes with regard to the application of export controls.

2. Details

(Note): The English translation is omitted.

3. Examples of wrong reports by major media

Among the reports about the recent revision to the application of export controls by major media both in Japan and the ROK, some speculate that many other items will require individual licenses in addition to the three items that have already been designated. However, as mentioned above, the recent revision does not in fact designate any other items for individual license application.

Reports such as the following that have been circulated by major media in Japan immediately following the official announcement of today's revision to the application of export controls are grossly misleading. The first sentence of the below-mentioned report is not described in the recent revision at all. The fact that the special general bulk export license can be used for exports to the ROK has been expressly stated in the News Release issued by METI on August 2, and has also been clarified in detail in the recent revision.

The second sentence of the below-mentioned report is apparently about the catch-all control, however, as for the export of items outside the control list, license requirements apply only in extremely limited instances where there is specific information that creates cause for concern that the items may be used for the development of weapons of mass destruction or for military purposes. This means that individual licenses will not be required on a widespread basis.

[An example of misleading reports]:

“On and after Aug. 28, exporting companies in Japan will be required to acquire individual license per each export contract, in principle, to export items to ROK such as machine tools and carbon fiber that are strictly regulated as items that present a concern of being diverted for military purposes.

Furthermore, a wide range of item categories aside from foodstuffs and lumber may also require individual licenses if METI judges that they may be used in weapons.”

This report has also been cited by overseas major media and has amplified a large misunderstanding outside of Japan as well.

Media coverage that is based on extreme misunderstanding and misconception does nothing but harm. It spreads unnecessary confusion and friction within the Japan-ROK relationship as well as throughout the international community. Indeed, such reports are

creating unnecessary confusion in businesses between Japan and the ROK. Media coverage based on accurate understanding of the facts is thus desired.

The site below provides materials that explain the various misunderstandings by the media. Please refer to them.

- ◆ “On the Update of the Application of Export Controls to the Republic of Korea: Interpretation Regarding the Implementation of Japan’s System of Export Controls”
<http://www.cistec.or.jp/service/kankoku.html>