

Global Supply Chain and Export Control

- Collaboration with Asian Countries -

February 2020

Trade Control Department

Ministry of Economy, Trade and Industry (METI), Japan

1. International Obligation and Proliferation Risk in Global Supply Chain

- Export Control to deter WMD and conventional weapons proliferation
➔ **INTERNATIONAL DUTY** of each country. (UN resolution 1540, etc.)
- Challenge: How we can effectively fulfill it?

UN and International Treaty

UN resolution 1540

(Nuclear, Biological, and Chemical weapons)

UN Arms Embargo

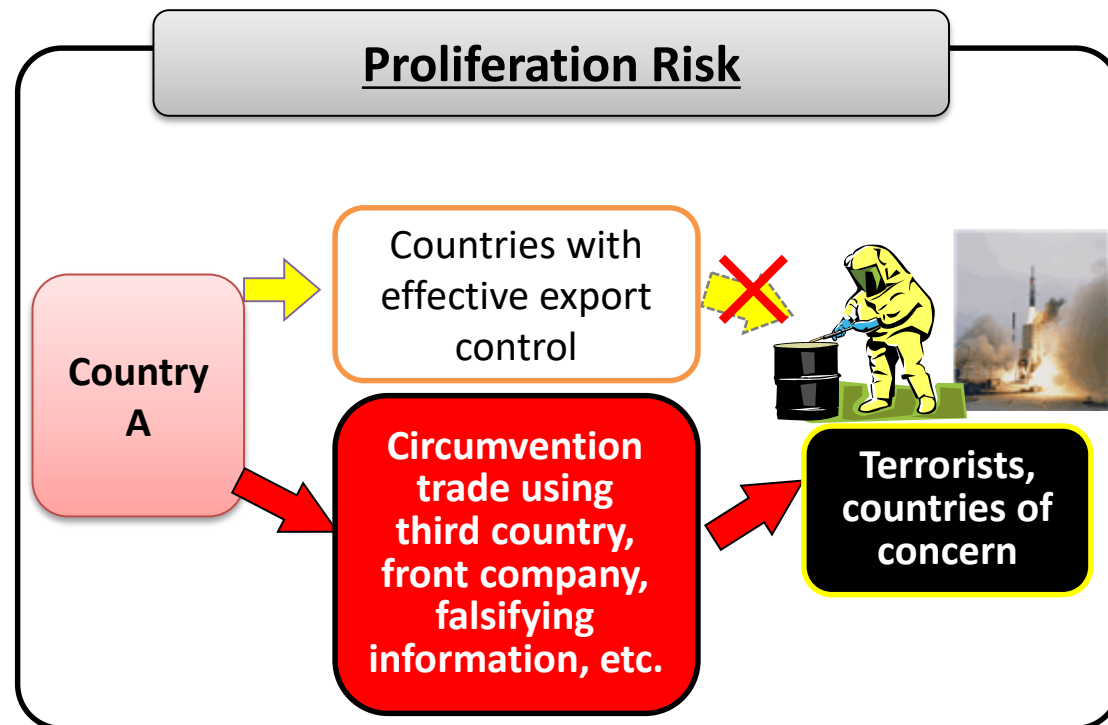
(Afghanistan, Central African Republic, DRC, Iraq, Lebanon, Libya, DPRK, Somalia, South Sudan, Sudan)

ATT: Arms Trade Treaty

(Conventional weapon)

CCW: Convention on Certain Conventional Weapon

(Non-detectable fragments, landmines, booby traps, incendiary weapons, laser weapons, ERW)



2. Growing Importance of Asia

- Growing importance of the Asian region in global supply chain
- Increased risk of becoming targets by concerned entities to illegally acquire sensitive items and technologies

**GDP
of Asia**

31.8

Trillion USD
(2018)

× 3.4 from 2000

Asia's global share 28% → 37%

Source: United Nation National Account

**Trade Value
of Asia**

60.2

Trillion USD
(2018)

× 4.2 from 2000

Asia's global Share 23% → 31%

Source: IMF the Direction Trade Statics

**University
Ranking Top50
(Engineering and Technology)**

15

Universities
(2019)

5 added from 2011

Source: The Times Higher Education
World University Rankings

3. Effective Security Export Control

- For further developing Global Supply Chain-

- Importance of Regulatory and Institutional basis
 - Address proliferation risks
 - Ensure predictability and transparency for businesses
- Role of Industry to ensure effectiveness of export control

Legal Framework


- ✓ Scope of Control
- ✓ Obligation and Rights

Institution

✓Licensing ✓ Inspection ✓Enforcement

Human Resources

Industry Efforts



**Predictability and
Transparency
of control is the key !**

4. Collaboration with Asian Countries

- Building rigid security export control system in Asia -

- Close collaboration with Asian countries through various tools
- A shift towards a customized and focused collaboration, according to the progress and needs of each countries

Objective

1. Regulatory Framework Building

2. Institution Building

3. Human Resource Development

4. Industry Sectors' Efforts

Tools

Bilateral
Dialogues

Dispatch of
Experts from
METI

Invitation
Training
Program

Industry
Outreach
Seminar

Asia
Export
Control
Seminar

5. Beyond Traditional Export Control

- Japan's policy approach to counter illegal procurement of sensitive technologies -

- Supply Chain Analysis – to know what key technologies are and who holds them
- Holistic Policy Package – to counter diversified procurement channels
- Rigid Enforcement – to deter and interdict illegal trade

Checkpoint analysis of a supply chain “Know”

- ◆ Identify chokepoints in cross-border supply chain with multiple suppliers
- Understanding structure of supply chain
- Identification of suppliers with key technologies



Holistic policy Package “Protect, Develop”

- ◆ Strengthen foreign direct investment screening
- ◆ Strengthen ITT management in universities and research institutes
- ◆ Strengthen export control systems
- ◆ Strengthen visa screening