

## Client Alert

4 July 2019

### **Additional restrictions added to METI's licensing policies and procedures on exports of controlled items to the Republic of Korea**

For further information  
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METI (the Ministry of Economy, Trade and Industry) announced two amendments to the export control regulations on 1 July 2019.

#### 1. Bulk license applicability: individual export licenses now required for certain items and related technologies

METI announced partial amendments to four guidelines related to the implementation of export control regulations, including the Export Trade Control Order.

Starting on 4 July 2019, Japanese exporters will be required to apply for individual export licenses to export Hydrogen Fluoride, Fluorinated polyimide, Resist and their relevant technologies, which may include technology transferred with exports of manufacturing equipment to the Republic of Korea, as the bulk licenses for these three materials will no longer be applicable.

The office responsible for receiving export license applications for exports of these materials to the Republic of Korea has been changed from a METI bureau or branch office to the Security Export Licensing Division of METI's main office.

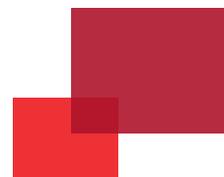
This announcement is available [here](#).

#### 2. Republic of Korea no longer white-listed

METI also announced on 1 July 2019 that it has initiated the process of revising the so-called "White Countries" in Appendix 3 of the Export Trade Control Order to remove the Republic of Korea and that it is seeking public comment on this amendment.

This announcement is available [here](#).

Details of the submission of public comments are available [here](#).



## Market impact

### 1. Bulk license applicability

Japanese exporters that are currently exporting products containing Hydrogen Fluoride, Fluorinated polyimide or Resist or that are transferring technologies related to these materials to the Republic of Korea under relevant bulk licenses may no longer do so and will now need to apply for individual export licenses for each contract (transaction).

Frequent and higher-volume exporters/transfers of these products/technologies to the Republic of Korea may be delayed by the need to obtain individual export licenses.

This amendment may affect the global semiconductor supply chain, as semiconductors are manufactured from various materials and parts obtained from interconnected suppliers.

### 2. Removal from "White Countries" list

Exports to "White Countries" are subject to simpler export licensing requirements and rarely require an export license unless they involve the export or transfer of so-called "listed products/technologies."

If the destination is a non-White Country, an export license is sometimes required even when the products/technologies at issue are not listed products/technologies. Exporter to Republic of Korea may need to make a self judgment of whether an export license is required or not.

This amendment may delay exports of the relevant products/technologies from Japan to the Republic of Korea and may disrupt the supply chain.

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