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Bureau of Industry and Security
Department of Commerce

Re: Comments in response to the Advanced notice of proposed rulemaking
Identification Number BIS-2015-0012, RIN 0694-AG51
Additional Improvements and Harmonization of Export Clearance Provisions

The Japan Machinery Center for Trade and Investment ("JMC") is a non-profit industry organization consisting of 250 firms that manufacture and export machinery products worldwide. JMC understands the significance of export controls in the global trade, and JMC has assisted its member companies to comply not only with the Japan's export control regulations but also with the U.S. reexport regulations. Therefore, JMC is concerned very much with the advanced notice of proposed rulemaking ("ANPR") published in the Federal Register on May 22, 2015 in association with the extraterritorial application of the reexport regulations and hereby submit our comments.

1. Points which could make impacts on the foreign importers and Our understandings

The proposals in paragraphs A and C of the ANPR indicate the points which could make impacts on the foreign importers.

Bureau of Industry and Security, Commerce Department ("BIS") stated in the paragraph A that BIS is considering requiring that the ECCN be identified for all items on the Commerce Control List, and also stated in the paragraph C that this proposed revision would require that the license number, license exception code, or no license required designation be entered on the export control documents.

Summing up the paragraph A and C, we understand what BIS is considering in the ANPR as follows;

- For the purpose of ensuring consignees' awareness of their involvement in a

transaction of the controlled items, BIS is considering requiring that for all items on the Commerce Control List, ECCN, license number, license exception code or no license required designation be entered on the export control document including the commercial invoice and contractual documentation.

2. Support for the requirements of the Paragraphs A and C

If our understandings mentioned above can be deemed correct, we are pleased to support the requirements described in the paragraphs A and C for following reason;

- While ECCN is indispensable information for the foreign importers in ensuring compliance with the reexport regulations, Japanese importers have so often faced with the problems that ECCN is not furnished smoothly from the U.S. exporters. For this purpose we requested BIS in the past to make it mandatory for the U.S. exporters to furnish the foreign importers with ECCN. If the requirements of the paragraphs A and C would be reflected in the final rule, it could solve this kind of problem and help the Japanese importers effectively comply with the reexport regulations.

3. Conditions for reinforcing our support for the requirements of the Paragraphs A and C.

We strongly wish BIS to take followings into account in case that the requirements of the paragraph A and C could cause the foreign importers unexpected burden;

- **The foreign importers may place reasonable reliance on the ECCN furnished by the U.S. exporters unless the consignee knows that the ECCN is in error.**

  In page 35282 of Federal Register, June 16, 2011 on "Export Control Reform Initiative: Strategic Trade Authorization License Exception", BIS stated responding to the Comment 24 that the consignee may rely on the ECCN provided to it by the party required to furnish the ECCN to the consignee unless the consignee ''knows'' that the ECCN is in error. We wish this comprehension will be applied to the requirements of the paragraph A and C.

4. Our additional request

Hopefully the countries listed in all of the country groups A1 to A4 of supplement No.1 to part 740 of the EAR should be exempted from the extraterritorial application of the reexport regulations because those countries including Japan have fulfilled stringent export controls at

same level as the U.S. in accordance with the multilateral export control regimes, namely the Wassenaar Arrangement, the Missile Technology Control Regime, the Australia Group, and the Nuclear Suppliers Group.

The reexport regulations have imposed additional and duplicative costs on the Japanese industries because they must comply with both Japan's national export control regulations and the US regulations. The additional costs account for a significant share of a company's total compliance costs.

Finally we would like to thank BIS for giving us an opportunity to submit comments and taking our comments into account.

Please accept my best regards,

Shozo Hirata
Chairman
Committee on Security Export Controls
Japan Machinery Center for Trade and Industry

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