

Addition to the Core Business Sectors of the FEFTA* to Secure Stable Supply Chains

*FEFTA: Foreign Exchange and Foreign Trade Act

- The FEFTA, while following the basic principle of freedom of investment, designates minimal necessary business sectors from a national security viewpoint and requires foreign investors to file a prior notification for screening.
- In response to the recent designation of “Specially Designated Critical Commodities”, which are eligible for receiving support for securing stable supply under the Economic Security Promotion Act, as a result of the consideration from the perspective of the FEFTA, the business sectors below are added to the core business sectors* in order to secure stable supply chains and address the risk of technology leakage and diversion of commercial technologies into military use, etc.

(Note) “Core business sectors” are business sectors where foreign investors (e.g. non-residents; foreign corporations) are required to file a prior notification when they conduct inward direct investment, etc. (e.g. acquiring 1% or more of voting rights of a listed company; acquiring a share of an unlisted company) with such sectors (“designated business sectors”), and where foreign investors are not, as a general rule, exempt from the requirement for prior notification for stock purchases, etc. as being highly likely to undermine national security, etc.

Fertilizers (potassium chloride, etc.) Importing	Permanent Magnets Manufacturing / Material Manufacturing
Machine Tools/Industrial Robots Manufacturing, etc.	Semiconductors Manufacturing of Manufacturing Equipment, etc.
Storage Batteries Manufacturing / Material Manufacturing	Natural Gas Wholesaling
Metals and Mineral Products Refining	Marine Equipment Engine Manufacturing, etc.
Metal 3D Printers Manufacturing / Metal Powder Manufacturing	

- Additionally,
 - will clarify that drones are covered by Aircraft Manufacturing, which is a core business sector; and
 - will add manufacturing of antibacterial products and petroleum refining and others to the scope of specified acquisition (acquiring a share of an unlisted company from foreign investors is subject to prior-notification requirement)
- As a result of the above, “Specially Designated Critical Commodities” under the Economic Security Promotion Act will be fully covered as core business sectors.