



Taiwan's Export Control Regime

Export Control Task Force
Chinese Taipei

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Objectives

- Safeguard economic environment & regional stability
- Facilitate legitimate trade



Strategy

- Solid legislation and dynamic regulations
- Effective enforcement mechanisms
- Raise awareness & strengthen Industry ability to comply
- International Collaboration for Updated information and timely consultations



Chronology of Export Control System's Development (1)

- In 1993, Taiwan established its Foreign Trade Act and included Articles 13 and 27, which provide the legal basis for managing the trade of Strategic High-Tech Commodities (SHTC).
- In July 1995, Taiwan launched its SHTC export control system following COCOM control list
- In November 1998, Taiwan incorporated the WA, AG, NSG, and MTCR control lists into its SHTC export control system.



Chronology of Export Control System's Development (2)

- Since January 2004, Taiwan implemented a “catch-all” control measure in order to strengthen checks on end-uses and end-users.
- In June 2006, a Sensitive Commodities List (SCL) was consolidated and added to control the commodities exporting toward North Korea and Iran.
- In January 2009, Taiwan adopted the EU “Community Regime for the Control of Exports of Dual Use Items & Technology” and “Common Military List of the European Union.”



Legislation and Regulations(1)

Legal Basis (Article 13 of the Trade Act)

- No exportation of SHTCs is allowed unless otherwise authorized
- Where import permits are granted, no alterations of the importer or transfer to any third country or region are allowed unless otherwise authorized
- Intended use and end user shall be truthfully declared; no alterations are allowed unless otherwise authorized
- Specific SHTCs transported to restricted regions may not transit, transship via any commercial port of Taiwan or become stored in bonded warehouses, logistics centers and free trade ports without authorization



Legislation and Regulations(2)

Criminal and Administrative Penalties

■ Criminal Punishments

- Imprisonment of up to 5 years and/or a fine of up to NT\$1,500,000

■ Administrative Punishments

- Fines ranging from NT\$30,000 to NT\$300,000 and/or
- Suspension of trading rights from 1-12 months or revocation of importer's registration

Legislation and Regulations(3)

SHTC export control lists:

- **Dual-Use Items and Technology (EU list)**
- **EU Munitions List**
- **SCL for North Korea and Iran**

Imported goods for which the governments of the exporting countries require an international import certificate or other documentation

End-use or end-users that are suspected of developing nuclear or biochemical weapons or any other WMD such as missiles



Legislation and Regulations(4)

- Prescribed Red Flags for SHTC categories on August 18, 2011. (Exporters should apply for export permits in advance of exportation.)
 1. Overseas traders that are named on the international export control list or those named specifically by the competent authority.
 2. Overseas traders or agents those are not willing to provide end-use or end-users or the traders with virtually no business background.
 3. Product functions and specifications those are not consistent with business demands of overseas traders or technological standards of the importing countries.

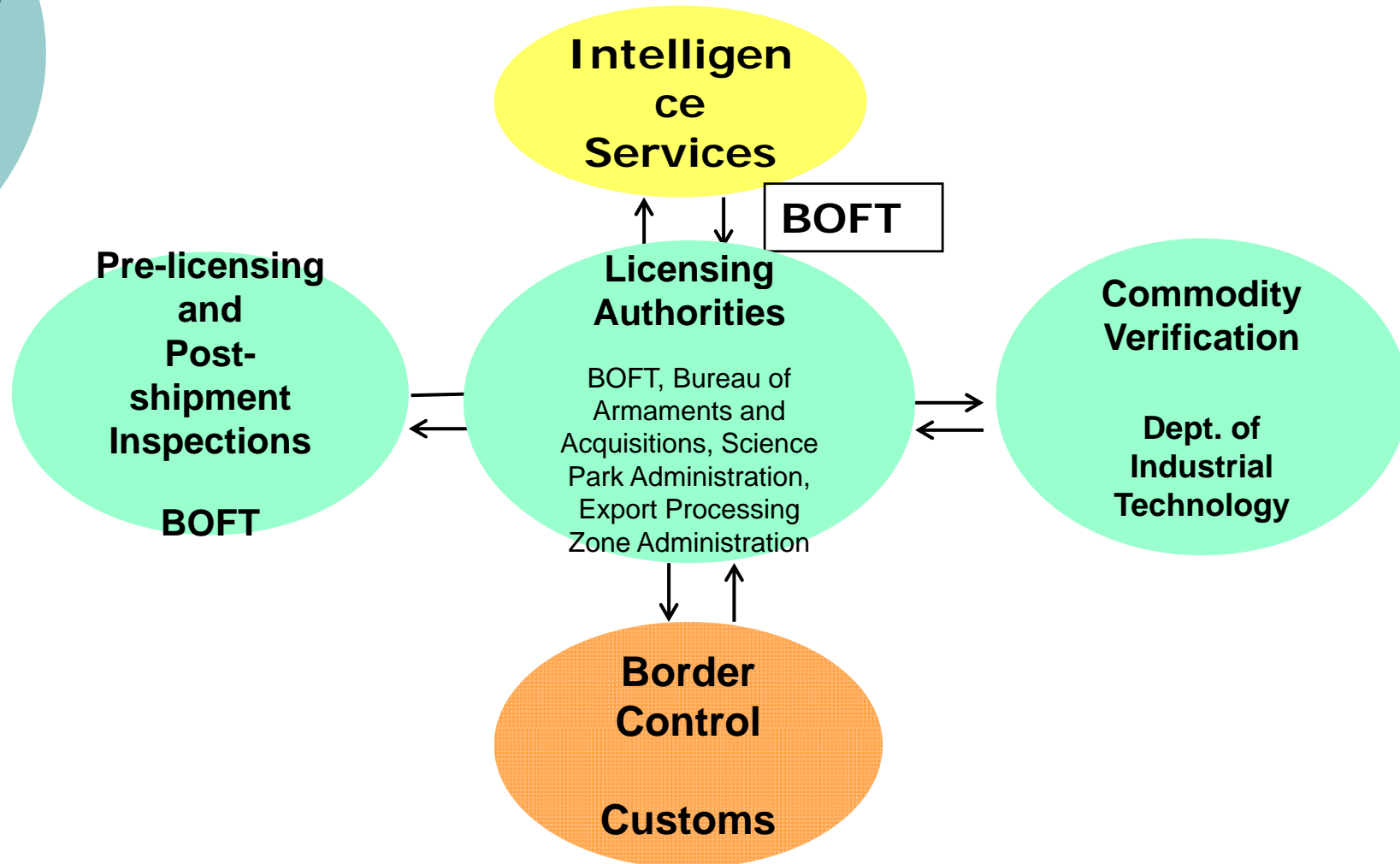


Legislation and Regulations(5)

4. The selling price, trade conditions or payments are not consistent with common international trade methods.
5. The overseas traders that are not familiar with product function, but insist on buying the said commodities or they refuse routine installation, training or follow-up maintenance services.
6. There are no specific reasons, the date of transportation and destination are uncertain, the end-consignee for the forwarder or the consignee and place were changed at the last moment.
7. There are no specific reasons, the packing methods, shipping routes or label of commodities are peculiar.
8. There are other peculiar circumstances in the trade transaction.

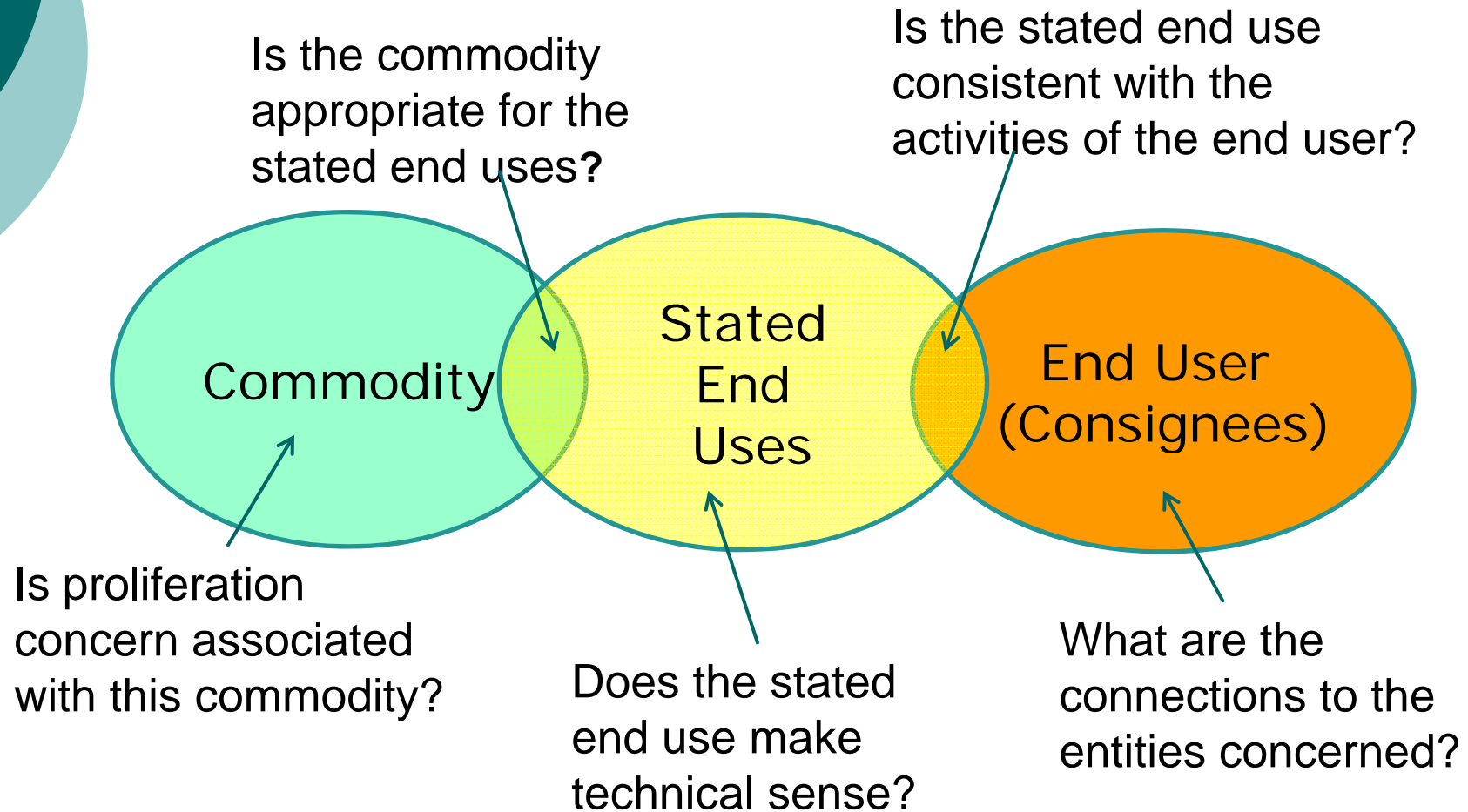
Controlling Mechanism(1)

Administrative Framework

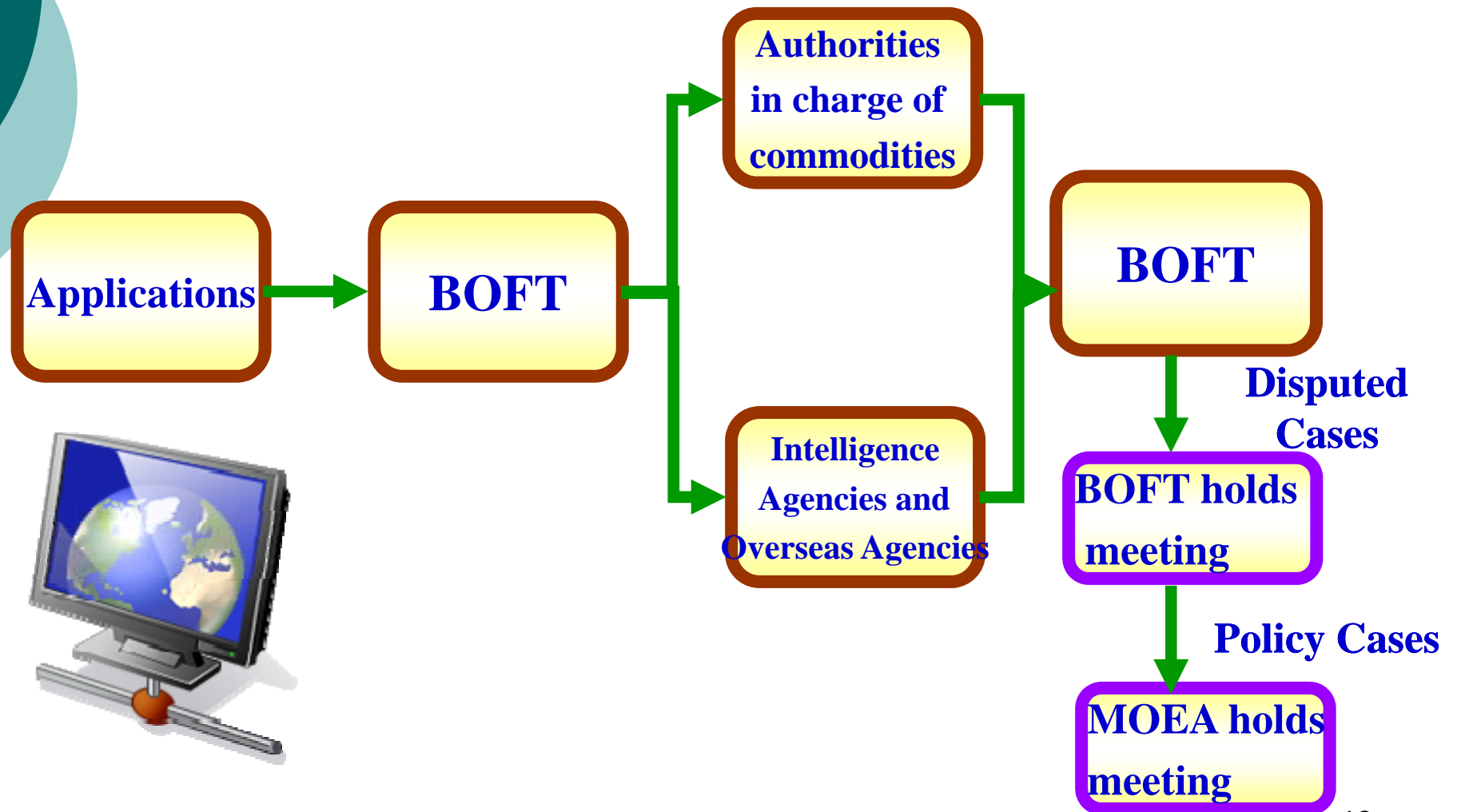


Controlling Mechanism(2)

License Review Process



Controlling Mechanism(3)





Controlling Mechanism(4)

- Agencies in charge of commodities
 - Industrial Development Bureau, Atomic Energy Council, Ministry of Defense, National Police Agency, Council of Agriculture, Department of Health, Environmental Protection Agency, Bureau of Mines.
 - Duties: Provide opinions about whether the end use applied by the end-users and the use of export commodities correspond.



Controlling Mechanism(5)

- Overseas agencies and other related agencies
 - Government overseas agencies, intelligence agencies and TAITRA overseas agencies
 - Duties: Provide opinions about whether the overseas trading counterpart is involved in weapons proliferation or check the end-use and end-users.

Types of SHTC Export Permit

Business type	Destination	validation	permit
Non ICP Company	Non White List	6 months	Single end user Partial exportation allowed
	White List Countries	2 years	Single end user Partial exportation allowed
ICP Company	Restricted Area	6 months	(Multiple end users) Partial exportation allowed
	Non-Restricted Area	3 years	(Multiple end users) Partial exportation allowed

Note: Every SHTC export permit is subject to the discretion of licensing authorities on the commodity and its end user.



SHTC Export Permits Certified

Year Detailed	2009	2010	2011
Issuances	13,355	13,724	14,189
Major Destinations	China Singapore Korea	China Singapore US	China US Singapore
Major Commodities	Electronics	Electronics	Electronics



Penalties Imposed

Cases \ Year	2008	2009	2010	2011
Prosecutions	4	3	3	1
Export Suspensions	14	2	7	6
Fines	0	4	0	5



Industry Outreach (1)

- Seminar to raise awareness
 - Illustrate the essence of export control enforcement
 - Analogy pattern of proliferation
 - Updating regulations and control list
 - Sharing of case study
- Strengthen industry ability to comply by collaborating with
 - Industry associations
 - Technical experts (ITRI)
 - Foreign countries (United States, Japan,...)

Industry Outreach (2)

- Internal Compliance Program (ICP)
 - Taiwan has developed a comprehensive ICP system and set up a dedicated ICP webpage on the BOFT website that provides models and search tools for businesses to use.



- Assist companies to establish their ICP system.



International Collaboration

Trade security requires international collaboration for **updated information** and **timely consultations**

- Multilateral regimes
- Bilateral mechanism
- International Seminars
- Peer to peer exchange
- Industry feedback



The Significance of Taiwan in Global Trade Security

- A major manufacturer in high-tech commodities, especially the ICT products and machine tools
- Its location in the access route to east Asia and the transit hub between Northeast Asia and Southeast Asia

Thank you for your attention



**Comments?
Suggestions?**

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