



Facilitating Trade in a Secure Trading Environment

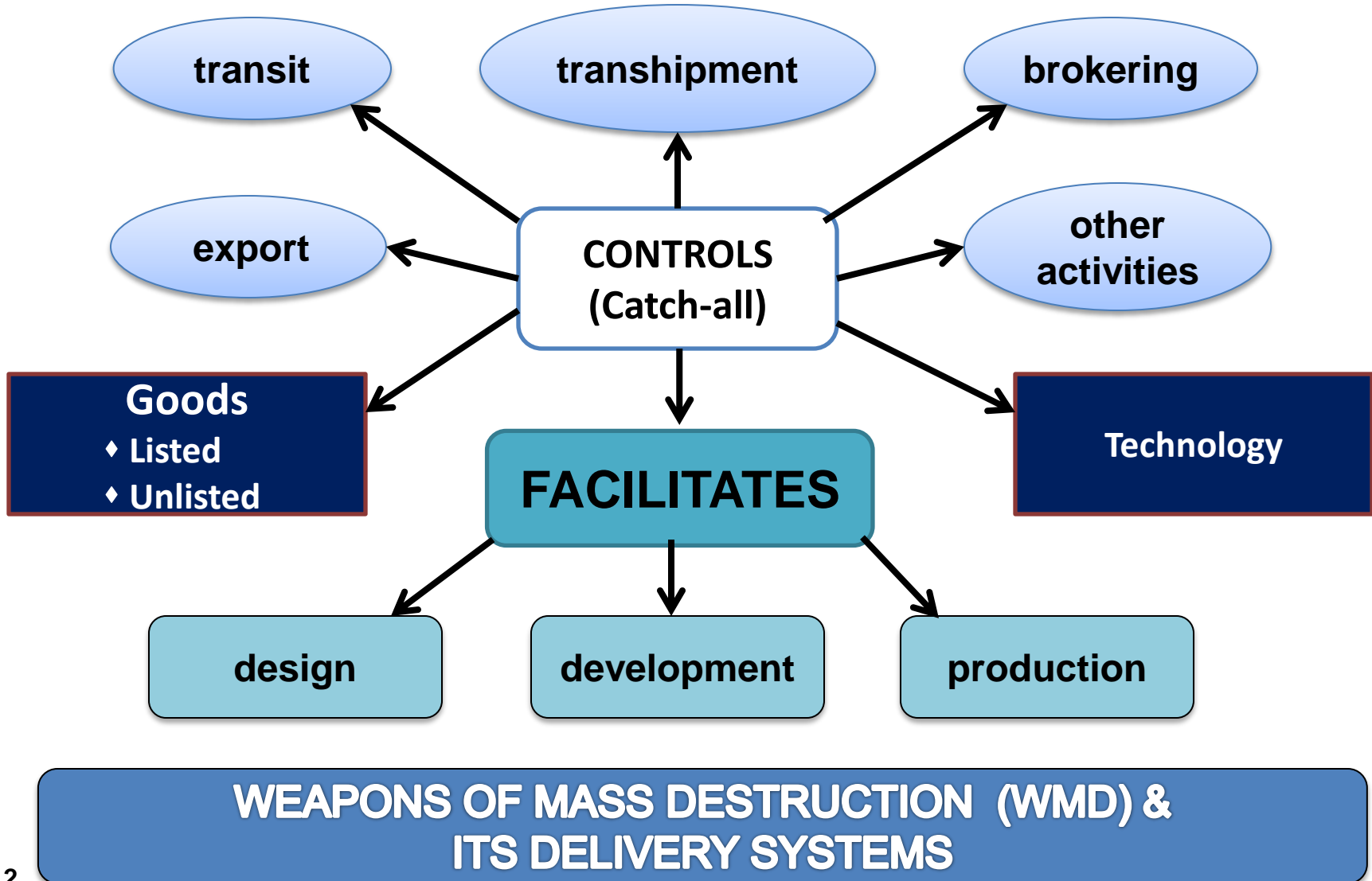
What SME's Need to Know on Strategic Trade Act 2010

21 Jan 2014

Strategic Trade Secretariat, STS, MITI



Objective of STA 2010

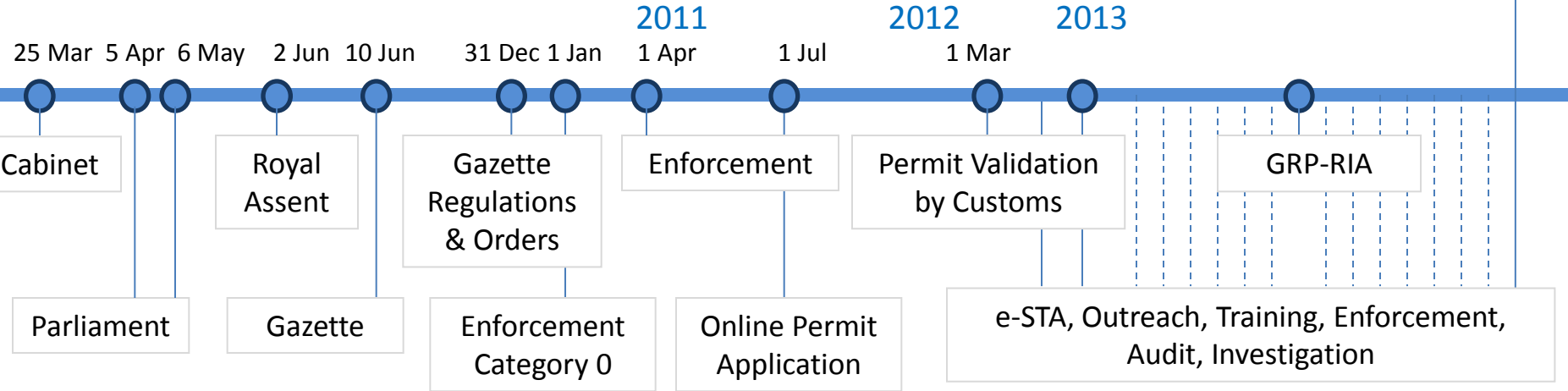


Timeline



STA 2010

2014



Statistics

As at 7 Jan 2014

Item	Number
Broker Certificate Issued	15
ICP approved	93
Company registered under STA	432
Permits approved*	5,886
Permit Exemption Approved	21
Outreach Programmes Conducted	59
Capacity Building Programmes	
Overseas	42
Local	38

*include all single, multiple, bulk, and special permit issued by all licensing agencies

Moving Forward GRP-RIA



- **Good Regulatory Practice: Regulatory Impact Assessment**

- MITI is one of the four Ministries to carry out Pilot Projects on GRP-RIA. The review of the Strategic Trade Act 2010 has been chosen as the Pilot Project for MITI, commenced in 2013.

- Policy Objective

- To ensure that Malaysia's regulatory regime effectively supports the country's aspirations to be a high-income and progressive nation; and
- To promote a regulatory process that is effective, efficient and accountable as well as to achieve greater coherence among the policy objectives of government.



Why Should the Business Community Be Concerned?



- With the increase in focus on international trade security, manufacturers, traders as well as freight forwarders (FFs) and transportation companies are not exempted from this responsibility under the STA. All have to comply with STA 2010.
- All who deal with strategic goods should be aware of their liability i.e. cannot excuse yourself from your responsibility if you are found to be involved. Ignorance of the law is no excuse



Misconceptions....

- STA is **not only** for those who deal with guns, ammunition, bombs (military items), dangerous chemicals or biological products (virus, bacteria, toxins).
- STA is related to the industries that many would term as normal/safe such as oil and gas, electronics, telecommunications, engineering, machinery and equipment (dual-use items)



How do I check if my product/services are strategic items?



- The ONLY way to do this by yourself is by checking against THE LIST.
- THE LIST = Strategic Items under the STA
- THE LIST = not a list that MITI came up with but is based on the international and commonly used European Union's Export Control List for Military and Dual-Use items

www.miti.gov.my (Home>Guidelines>Strategic Trade Act 2010>STA 2010 Info Pack)

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MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

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STA 2010 Info Pack

STA 2010 Info Pack

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- [STA 2010 Background](#)
- [About Strategic Trade Secretariat](#)
- [Restricted End-Users and Prohibited End-Users](#)
- [Strategic Items Under The STA 2010](#)
- [Amendments to the Strategic Trade Regulations 2010 \(P.U \(A\) 482/2010\)](#)

Highlights

TPP



Services Sector



MITI Bulletin



Strategic Trade (Restricted End-Users and Prohibited End-Users Order 2010)



- **The listed end-users are adopted from UNSC resolutions:**
 - **Restricted End-Users: 13 countries**
 - **Prohibited End-Users: 46 individuals and 83 entities**
- **Do you know if your customer is in the lists above?**



FORM 5

[Paragraphs 10(7)(b), 11(7)(b), 12(7)(b), 13(4)(b) and subregulation 14(1)]
END-USE STATEMENT

This end-use statement must be issued by the consignee or end-user using the letterhead of the consignee or end-user, which ever is relevant.

Important Notes:

1. "*" indicates delete whichever is not applicable.
2. Tick (✓) the relevant box.
3. This end-use statement must be signed—
 - (a) if an individual, by the person directly interested or his employee authorized by him in writing;
 - (b) if a partnership, by a partner or an employee of the firm duly authorized in writing by a partner; or
 - (c) if a body corporate, by a director, the secretary or an employee duly authorized in writing by a director or the secretary of the body corporate.
4. Pursuant to subsection 40(1) of the Strategic Trade Act 2010, a person who submits false or misleading information in any application, report or other documents for any purpose under this Act or the related laws commits an offence and shall, on conviction, be punished with a fine not exceeding one million ringgit or with imprisonment for a term not exceeding two years or with both, and in the case of a body corporate, be punished with a minimum fine of two million ringgit.

END USE STATEMENT

For presentation in compliance with subsection 14(2) of the Strategic Trade Act 2010 (*Act 708*) Malaysia.

We (I) certify that we have requested (*name, address and contact number of the supplier*) to supply us the following strategic/ unlisted* items:

Description of the items : _____
Category Codes : _____
Quantity : _____
Total Value : _____

which is intended for—

Consumption	<input type="checkbox"/>	in _____ <i>(country of final destination)</i>	for _____ <i>(details of end-use OR industry/business activity involved)</i>
Production	<input type="checkbox"/>	in _____ <i>(country of final destination)</i>	for _____ <i>(details of end-use OR industry/business activity involved)</i>
Distribution	<input type="checkbox"/>	in _____ <i>(country of final destination)</i>	for _____ <i>(details of end-use OR industry/business activity involved)</i>
Repair	<input type="checkbox"/>	in _____ <i>(country of final destination)</i>	for _____ <i>(details of end-use OR industry/business activity involved)</i>
Others (Please Specify: _____)	<input type="checkbox"/>	in _____ <i>(country of final destination)</i>	for _____ <i>(details of end-use OR industry/business activity involved)</i>

We (I) certify that the strategic items/unlisted items will not be used for any restricted activity that supports the development, production, handling, usage, maintenance, storage, inventory or proliferation of any weapons of mass destruction and its delivery systems or participation in transaction with persons engaged in such activities.

We (I) also certify that we (I) will not subsequently export or otherwise re-sell the items to any person or country that is subject to any sanction imposed pursuant to a decision of the United Nations Security Council.

Date

Original signature of the end user/government official*

Company stamp/official seal

Name and designation of signer in block letters

Why is this STA only in Malaysia...



It is not only in Malaysia.

- Malaysia is the second ASEAN economy to implement a strategic trade law.
- Other ASEAN economies have also started to formulate relevant laws to implement strategic trade management in their countries
- Malaysia now has an added advantage over our neighbouring countries, not everything is about cost competitiveness anymore, trade security is highly relevant and crucial.
- With STA, Malaysia gives this assurance- trading with Malaysian companies is safe because they are compliant to the STA 2010.

Why is this STA only in Malaysia...



It is an international practice.

- Most if not all of your customers have some form of strategic trade law enforced in their own country (also known as export control)
- The EU, USA, Japan, Hong Kong, Chinese Taipei, Australia have many years of experience in implementing this law. Now they all want the rest of the world to follow suit so that global trading can be safer.

STA Coverage – all (in)



SMEs are **NOT excluded** from STA 2010 implementation.

Severe penalties apply to companies who violate the Act, be it big or small-established or newly set up

What do I need to do to comply...



Step 1:

Check if your item is strategic

- THE LIST has many many items
- Ctrl+F and search for your product
- Still confused? Get help from your in-house technical expert (engineer, product expert, manager, boss)
- Still confused? Check if your customer knows the export control category number (ECCN)
- Still confused?, Email the technical specifications and brochure to admin.sts@miti.gov.my

What do I need to do to comply...



Step 1:

Check if your item is strategic

- MITI will not issue a letter confirming whether your item is strategic or not, MITI can only advise you.
- MITI may need some time to check with experts (remember we are not the manufacturers, designers, product experts of YOUR product)
- The responsibility is always on the company

What do I need to do to comply...



Step 2:

If strategic, note the agency you need to deal with

- There are four agencies who issue STA permits-not everything is under STS,MITI.
- Check and note in THE LIST the agency involved for your product

What do I need to do to comply...



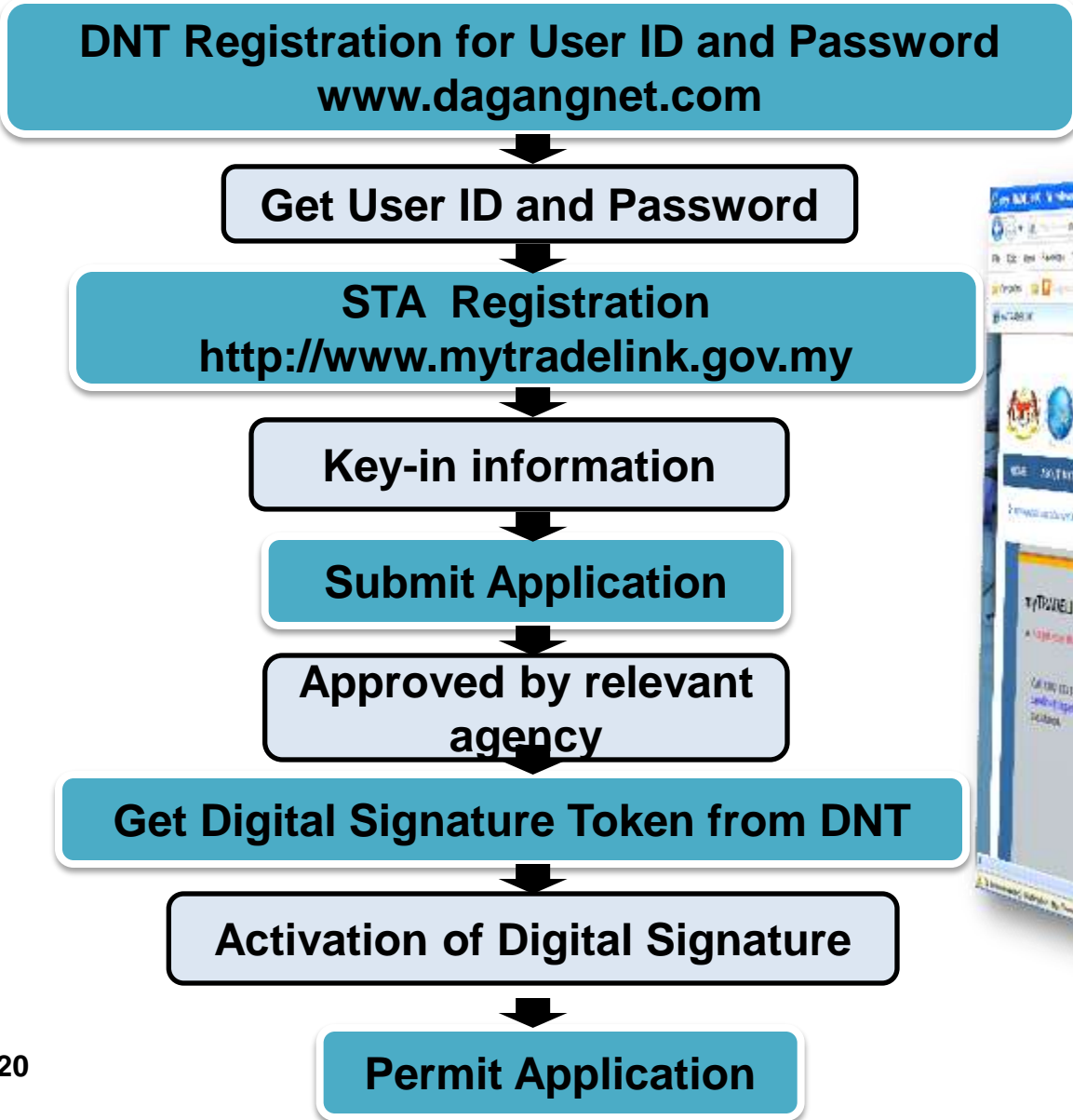
Step 3:

Get your company registered with DagangNet Technologies to enable online application

- DNT is the official online transaction service provider for the Government appointed by the Ministry of Finance Malaysia
- You will have to pay certain fees for registration and use of their services
- Please contact DNT for assistance (once you register they provide free training):

DagangNet Technologies Sdn Bhd
Tower 3, Avenue 5
The Horizon, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel: 03-2730 0200
Careline: 1300 133 133

Registration Process Flow



What do I need to do to comply...



Step 4:

Pre-registration and permit application online

- You need to pre-register details of your product and your customer/importer (end-user) including their contact details
- You need to get your customer to complete the end-use statement (Form 5)
- You need to have the technical specs of the product

Permit Application



**TO THE RELEVANT
AUTHORITY**

**ACCOMPANIED WITH
END-USE STATEMENT
AND ANY ADDITIONAL
DOCUMENTS IF
REQUIRED**

**APPLICATION
FOR PERMIT**

**PERMIT CAN BE
SUSPENDED OR
REVOKED AT ANY TIME**

**THE RELEVANT AUTHORITY
MAY GRANT OR REFUSE TO
GRANT THE PERMIT AND
IMPOSE ANY CONDITIONS IN
GRANTING THE PERMIT**

Categories of Permits



SINGLE-USE

ONE-TIME EXPORT, TRANSHIPMENT OR BRING IN TRANSIT PERMIT
for a **SINGLE COUNTRY / DESTINATION**

Valid for **6 months**

MULTIPLE- USE (*NEEDS
INTERNAL COMPLIANCE
PROGRAMME (ICP))

**MULTIPLE EXPORTS OR
TRANSHIPMENT** of the
items for **DIFFERENT
COUNTRIES /
DESTINATIONS**

Valid for **2 years**

PERMIT

BULK (*NEEDS ICP)

**MULTIPLE EXPORTS OR
TRANSHIPMENT** of items
for a **SINGLE COUNTRY /
DESTINATION**

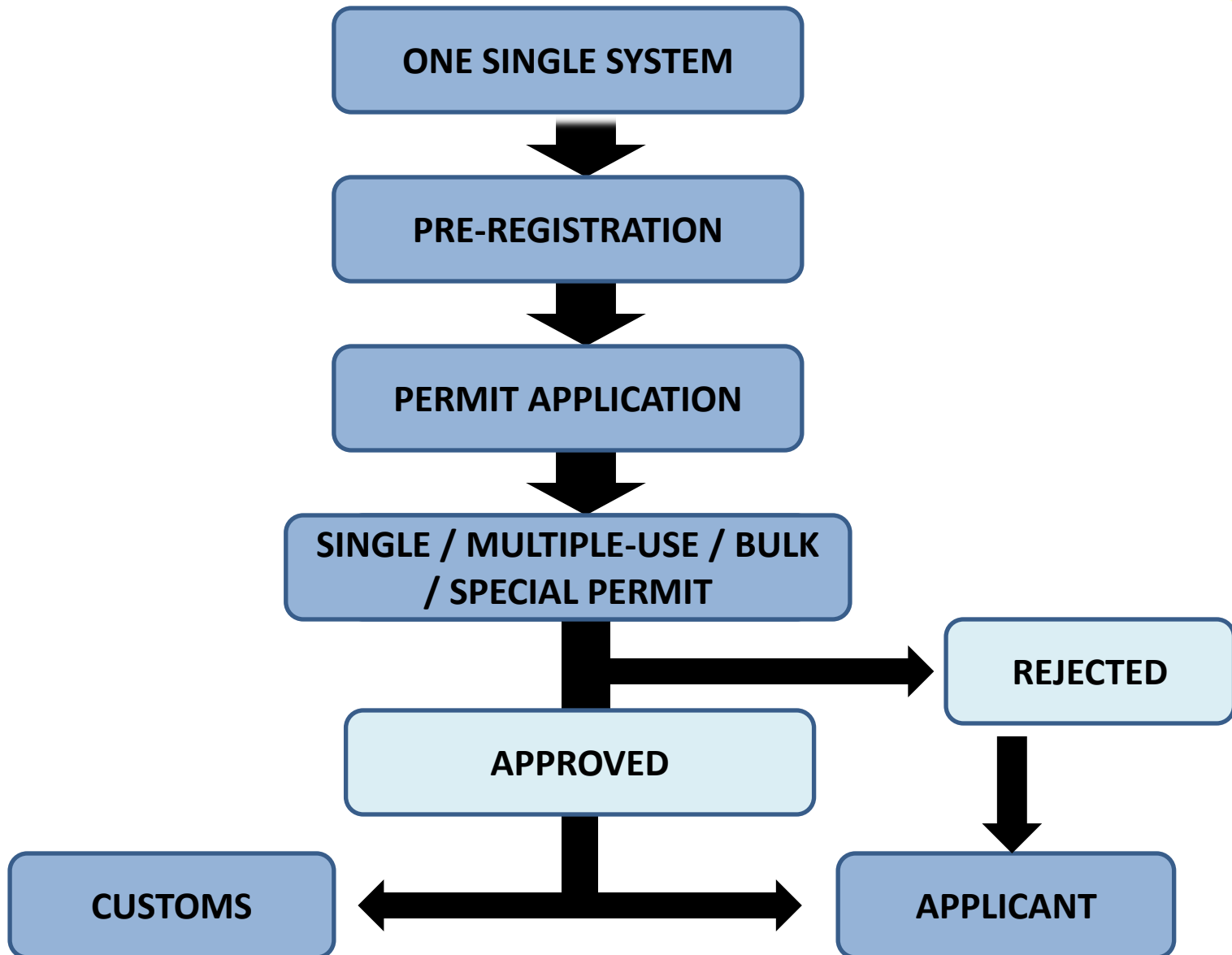
Valid for **2 years**

SPECIAL

ONE-TIME EXPORT, TRANSHIPMENT OR BRING IN TRANSIT PERMIT for a
SINGLE COUNTRY / DESTINATION which the end-user is a **RESTRICTED
END-USER**

Valid for **1 year**

Registration / Permit Application



What do I need to do to comply...



Step 5:

E-declaration- Customs Declaration

- Make sure your freight forwarder is aware that your item is strategic and should be declared as such at the customs declaration point.
- It is your responsibility to ensure this is communicated to them clearly –in writing, in your invoice, in a specific letter (you can use the shipper’s declaration proposed by STS as a guide)

Note: Effective 1 July 2011 compulsory declaration field in the K2 and K8 forms - strategic items or non-strategic items. If your product is ticked as strategic item, the system will then prompt for the STA export permit license number to be entered.

What do I need to do to comply...



Step 6:

Delivery Verification Statement

- Make sure you keep all proof of delivery with you which you need to submit to the permit issuing agency within 2 months of your export * . You need to do this using Form 6
- For all single-use and special permits issued and only some multiple-use/bulk permits issued.

What do I need to do to comply...



Step 7:

Record Keeping

- Make sure you keep all records/communication of **Step 1-6** for reference and audit purpose

You will find it all in our
website

www.miti.gov.my

(Home>Guidelines>Strategic Trade Act 2010)

Strategic Trade Act 2010 (STA)

GSP

ATIGA

ACFTA

AKFTA

MPCEPA

MJEPA

AJCEP

AIFTA

AANZFTA

MNZFTA

MICECA

MAFTA

Electronic Preferential Certificate of Origin (e-PCO) and electronic Permit (e-Permit)

Non-Preferential Certificate of Origin (NPCO)

MSP 2007

Import

MoU

ASEAN Self Certification Pilot Project

Process Flow of Export, Import and Transshipment

Strategic Trade Act 2010 (STA)

Strategic Trade Act 2010 (STA)

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Announcements



STA 2010 Info Pack



Circulars



Forms



Online Application



Internal Compliance Programme (ICP)



Schedule of Outreach Programmes & Client's Day



Seminar and Conference/ Outreach (Presentation Slides)



Articles



FAQs



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Highlights

STA 2010



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TPP



Services Sector



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Malaysia's Jan-Nov 2013 Trade Up 3.7 Per Cent To RM1.247 Trillion

Thursday, 9 January, 2014 3:25:24



Thank You

- Feedback and comments on this subject as well as request for an appointment can be sent to admin.sts@miti.gov.my.
- **STS Hotline – 03-6200 0585**

STRATEGIC TRADE CONTROLLER

STRATEGIC TRADE SECRETARIAT

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI)