

OVERVIEW AND UPDATES OF HONG KONG'S STRATEGIC TRADE CONTROL SYSTEM



TRADE AND INDUSTRY DEPARTMENT
HONG KONG 8 JANUARY 2015

PRESENTATION OUTLINE

- (1) Why we have to impose strategic trade control
- (2) What is strategic trade control
- (3) What types of goods are subject to strategic trade control
- (4) How we implement the strategic trade control
- (5) What should I do to comply with the control requirements

Why we have to impose strategic trade control

- **Hong Kong as a transshipment hub in the Asia Pacific Region**
- **Prevent Hong Kong from being used as a conduit for proliferation**
- **Secure continued access to high technology**

What is strategic trade control

- Administration of own strategic trade control system
- Licensing System administrated by Trade and Industry Department (TID)
- Enforcement under the purview of Customs and Excise Department (C&ED)

What types of goods are subject to strategic trade control



Schedule 1:

Control list for **munitions** and **dual-use goods**

Schedule 2:

Control list for **articles-in-transit**

Schedules 3 & 4:

End-use control for items known or suspected to be used in connection with chemical, biological or nuclear weapons

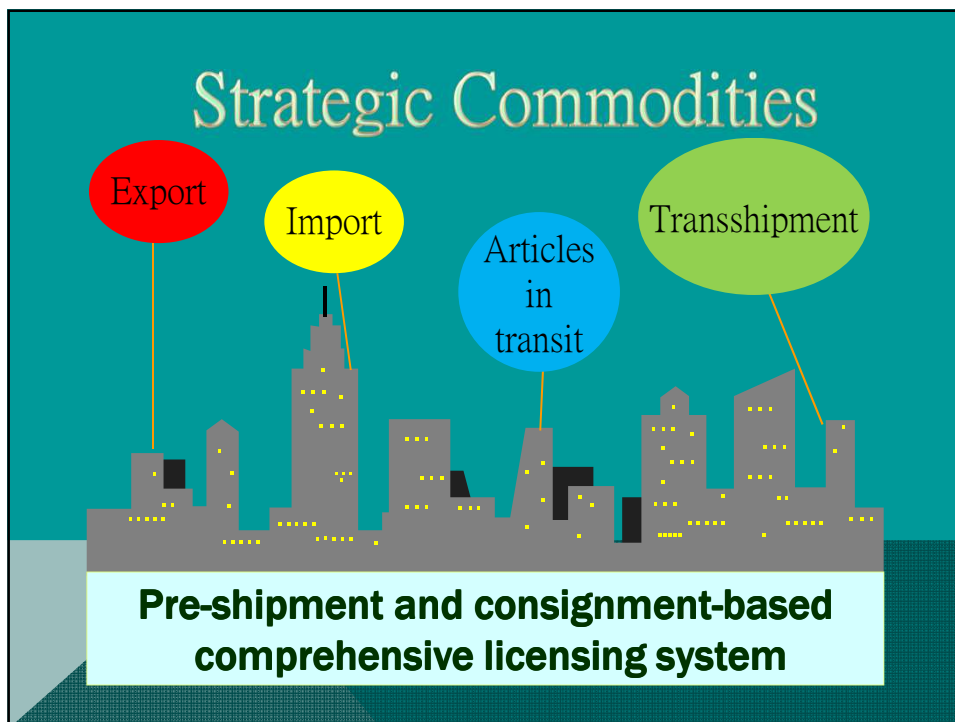
Updating of the Control List

- Regular updating to reflect changes adopted by international regimes
- Current control list took effect in July 2013
- Continue to update the control list in 2014
- Updated list of goods subject to control available in 2015 as early as we can

Free Pre-classification Service from TID

- A formal advice from TID on whether the goods require a licence
- Pre-Classification Reference Numbers
- Supporting documents: Technical specifications, data sheets or brochures/catalogues, etc.
- For certain products, technical questionnaires completed by the manufacturer of the product

How we implement the strategic trade control





Catch-all Control

- Control goods and equipment known or suspected to be used in connection with nuclear, chemical or biological weapons and related activities

No Undercutting Principle

- Not to undercut the control systems of our trading partners
- No re-export unless authorized by originating country
- Guarding against unauthorized diversion

Licensing Requirements for Japan-origin products



Depending on individual cases

- Export licence issued by METI
- End-User Statement

Enforcement by Customs and Excise Department



What should I do to comply with the control requirements

General Compliance

- Traders engaged in the import or export of strategic commodities in Hong Kong must obtain valid licences from the Trade and Industry Department **before** shipment
- Traders should ensure that the goods to be imported/exported are the same as those declared on the import/export licences

Compliance by Importer/Exporter/Carrier

- Importers should present to carriers valid import licences **before** taking delivery of the goods from the carriers
- Exporters should deliver valid export licences to carriers **before** the export of the goods
- Carriers should ensure that strategic commodities are properly covered by valid licences.

Sources of Information for Internal Compliance

Online Guidance: www.stc.tid.gov.hk

The screenshot shows the homepage of the Strategic Commodities Control System. At the top, it identifies the Trade and Industry Department of the Government of the Hong Kong Special Administrative Region. The navigation menu on the left includes links for Home, What's New, HKSAR System, Tips for Applying Applications, E-Accounts for Applications, Licences & Related Documents, Check Products, Download Forms, Circulars and Publications, Email Notification, FAQ, Login Your E-Account, Quick Check of Application Status, Check Licence by Carriers, Useful Links, HKSAR Government, and Foreign Government. The main content area features a 'Highlights' section with recent news items, a 'Guidance Note on Import and Export of Strategic Commodities' with sub-links for Trading Firms, Carriers, Logistics Companies, and Secretarial Service Companies, and a 'Know Your Customers Guidance' section with links for Best Practice for Ensuring the Legitimacy of the Transaction and Online Search on Company's Particulars.

Strategic Trade Control Circulars

The screenshot shows the 'Strategic Trade Controls Circular' page. It includes a list of circulars issued from 2001 to 2014. A detailed view of 'Strategic Trade Controls Circular No. X/2014' is shown, which is titled 'Permit Requirement for 2015 and Report on Past Activities in 2014 for Scheduled Chemicals and Unscheduled Discrete Organic Chemicals under Chemical Weapons (Convention) Ordinance, Cap. 578'. The circular was issued on 28 October 2014. Its purpose is to remind facilities of the permit requirement under the Ordinance and, where applicable, to lodge applications for permits for 2015 by 25 November 2014.

SEMINARS ON STRATEGIC TRADE CONTROL



The collage features three main elements: a screenshot of the Strategic Commodities Control System website, a red arrow pointing to a news item, and a Strategic Trade Control Circular document. The website screenshot shows a navigation menu on the left and a 'Highlights' section with a news item dated 17 November 2014. The news item is titled 'Hong Kong 24 Joint Outreach Seminar on Strategic Trade Control' and mentions the participation of officials from the Hong Kong Special Administrative Region, the United States Department of Commerce, and the United States Trade Representative. The Strategic Trade Control Circular document is partially visible on the right, with the title 'Strategic Trade Control Circular' and the date '3 June 2013'.



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