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Asia Strategic Trade Controls 2017: Strengths, Challenges, and Ways Forward

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Presentation Topics



1. Overview of Asia STCs as of 2017
2. Strong points of Asia strategic trade controls (STCs)
3. Challenges in Asia STCs
4. Suggestions for Asia STC systems going forward
5. Conclusion

Asia STCs As Of 2017

- As we have seen, STCs are continuing to expand and develop across Asia year-on-year
- Today there are more countries/areas in Asia that have—or that are working to establish—national STC systems than there are countries/areas with no STC development
- Starting to see more and more established STC systems offer more in the way of license exceptions, general licenses, and compliant trader programs
- Most countries/areas in the Asia Pacific region that have established STC systems are now updating their national controls lists on almost an annual basis
- Notwithstanding the above, many countries in Asia do not yet have dedicated STC legislation, and those that do may still have some gaps or shortcomings in their systems

3

Strong Points Of Asia STC Systems (1)

- “Newer” STC systems are getting second-mover advantage and benefitting from the latest trends and “best practices”
- Sometimes on the leading edge of specialized controls, such as those on transit / transshipment and intermediary activities
- Greater integration with national Customs systems and processes
- Taking industry perspectives into consideration at an early phase of the STC development process



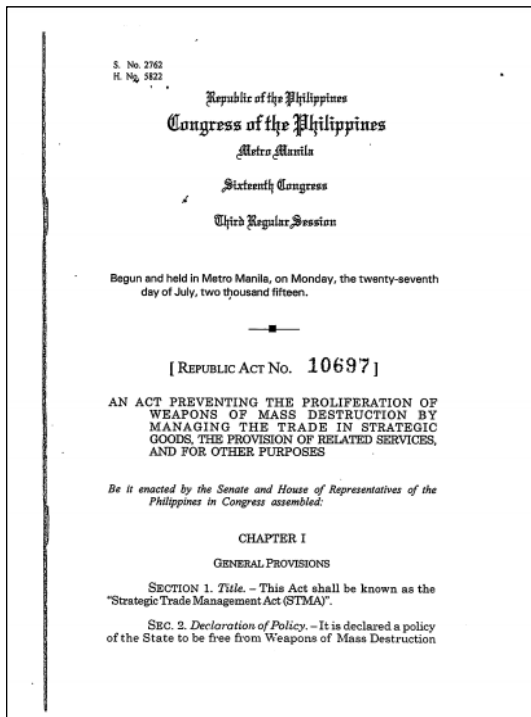
Strategic Trade Secretariat (STS) Client's Day 2017

Please be informed that the Strategic Trade Act (STA) 2010 Briefing Session @STS Client's Day 2017 will be held at MITI Tower, Kuala Lumpur, from 10.00 am to 12.00 noon as per the schedule below:

BIL.	MONTH	DATE
1.	February	22.02.2017 (Wednesday)
2.	April	26.04.2017 (Wednesday)
3.	June	14.06.2017 (Wednesday)
4.	August	30.08.2017 (Wednesday)
5.	October	25.10.2017 (Wednesday)
6.	December	13.12.2017 (Wednesday)

4

Strong Points Of Asia STC Systems (2)



- **Example of the recent Philippines strategic trade control legislation**
 - Provides for a broad scope of management authority that includes deemed exports, brokering and other intermediary activities, extraterritorial transactions
 - Offers individual, general, and global licenses
 - Contains a robust set of both administrative and criminal enforcement provisions

5

Strong Points Of Asia STC Systems (3)

- **Example of New Zealand's plans for brokering controls**

Brokering - new controls in New Zealand

Brokering involves negotiating or arranging a transaction that takes place fully outside New Zealand, that involves the supply of Strategic Goods in exchange for some form of benefit, whether financial or otherwise. It doesn't include imports to, and exports from, New Zealand because these are already covered by existing export and import controls.

The New Zealand Government is currently developing legislative controls on the brokering of all goods included in the New Zealand Strategic Goods List. The intention is for these controls to be introduced in 2016.

Why are we doing this?

New Zealand is obliged to introduce controls on brokering under the United Nations Arms Trade Treaty. The Treaty recognises that brokers are often used to facilitate legitimate arms deals, but that unregulated brokering can assist the illicit movement of arms and military equipment to illegitimate users or destinations, including countries under UN arms embargo and conflict zones. To inhibit such illicit movement, the treaty requires parties to take measures to regulate the brokering of arms.

[More information about the treaty and its requirements \(external link\)](#)

Source: New Zealand MFAT website, <https://www.mfat.govt.nz/en/trade/trading-weapons-and-controlled-chemicals/how-to-export-military-and-dual-use-goods/>

6

Strong Points Of Asia STC Systems (4)

- Utilization of information technology (IT) and automation tools in STC licensing and industry compliance
- In general, a high degree of centralization in STC licensing
- A trend/history of working towards multilateral export control regime adherence
- Relatively robust efforts to incentivize compliance through compliant trader programs and offerings

7

Strong Points Of Asia STC Systems (5)

The image displays two overlapping web interfaces. The background interface is the 'Online DSGL Tool' from the Australian Government Department of Defence. It features a blue header with the text '企業内部出口管控制度' (Internal Compliance Program) and 'Internal Compliance Program'. The main content area includes a navigation menu with 'Home', 'Questionnaire', and 'Search the DSGL'. A 'Help' sidebar lists various resources like 'Definitions', 'Acronyms & Abbreviations', and 'Forms'. The main text explains that Defence Export Controls (DEC) require permits for goods, software, or technology, and provides instructions on using the 'Activity Questionnaire' and 'DSGL Search'.

The foreground interface is the 'Indonesia National Trade Repository (INTR)'. It has a dark blue header with the INTR logo and the text 'INDONESIA NATIONAL TRADE REPOSITORY'. The main content area includes a navigation menu with 'Home', 'Indonesia NTR', 'Trade Simulation', 'Manifest Information', 'Exchange Rate', and 'FAQ'. A 'Welcome to Indonesia National Trade Repository ...' message is displayed, followed by a 'Features' section listing: 1. HS Code Information, 2. Lartas Information, 3. Regulation Repository, 4. Rules Of Origin, 5. List of Authorized Traders, 6. Trade Simulation, and 7. Exchange Rate. An 'Info Update From Official Website INSW' section shows two updates from January 2012 regarding tariff and import updates.

8

Strong Points Of Asia STC Systems (6)

English | Français | Español | 中文 | العربية | Русский | Deutsch

Fighting the spread of chemical and biological weapons

Strengthening global security

The Australia Group

- Home
- What's New
- Introduction
- AG Participants
- AG Adherents
- Origins of the AG
- AG Objectives
- AG Activities
- AG and the CWC
- AG and the BWC
- AG and Trade
- AG Common Control Lists

Australia Group Adherents

The Australia Group (AG) encourages all countries to adhere to the AG Guidelines and Control Lists.

AG Adherents notify the AG Chair in writing of their political commitment to adhere to the AG Guidelines and Common Control Lists and any subsequent changes. This adherence is unilateral by the non-member country and not subject to any acceptance decision by the AG membership.

AG Adherents join the growing number of countries using the AG Guidelines and Control Lists as the benchmark for global best practice chemical and biological export controls, to regulate the export, re-export, transfer and re-transfer of defence or dual-use items which can be used by proliferators and terrorists in the development of chemical and biological weapons.

The following countries are AG Adherents:

- Kazakhstan (2015)

Source: AG website, <http://www.australiagroup.net/en/adherents.html>

9

Challenges For Asia STC Systems (1)

- **For countries / areas that have STC systems:**
 - Gaps in the scope of strategic trade control (e.g. lacking or limited brokering, intangible transfer of technology, sanctions-based controls)
 - Control list update time-lags resulting from waiting for EU control list updates
 - Limited use of license exemptions and exceptions
 - End-use(r) certification and verification and extra-territorial control
 - Overdependence on electronic tools and systems in license processing and cargo/item screening
 - Less emphasis on developing the full set of STC enforcement mechanisms that includes administrative penalty schemes, publishing information on STC-related enforcement actions, and voluntary self-disclosure (VSD) programs

10

Challenges For Asia STC Systems (2)

- **For countries / areas that have not yet established STC systems:**
 - Ongoing concerns that comprehensive STCs will limit trade and economic growth
 - Overreliance on Customs to implement the system, and not enough emphasis on industry self-management and licensing
 - Interagency information-sharing and coordination in the areas of trade and border enforcement
 - Commodity identification capability
 - At times, limited bilateral, regional, and international engagement on STCs

11

Suggestions For Asia STC Systems (1)

- **Systems that have experience with STCs should continue to conduct and share results of studies on economic impacts of STCs with others in the region**
- **Ensure that end-use and diversion risk analyses are built-into license review processes in addition to screens of items, transaction parties, and countries**
- **Place increased emphasis on the development of robust systems of STC enforcement**
- **Advance initiatives to update control lists closer in time to multilateral regime list changes and to each other**

12

Suggestions For Asia STC Systems (2)

- Keep pushing for support from the highest levels
- Strengthen interagency information-sharing and cooperation through direction from the top, interconnected IT systems and databases, and the formation of working groups and committees
- Develop a balanced approach to the convergence of Customs and STCs by following guidance provided by the World Customs Organization (WCO)
- Continue with and expand/participate in intra-regional STC exchange, cooperation, and assistance efforts, particularly in the area of commodity identification

13

Q+A And Discussion

Thank you for your time and attention, I will be glad to answer any questions now, or you may contact me any time at:

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14