

UPDATES ON THE PHILIPPINE STRATEGIC TRADE MANAGEMENT ACT

The 25th Asian Export Control Seminar
Tokyo, Japan



Photo Credit: Baker McKenzie



Department of Trade and Industry
Strategic Trade Management Office

OUTLINE OF PRESENTATION

- I. Current Status of the STMA
- II. Organizational Structure
- III. National Strategic Goods List
- IV. Internal Compliance Program
- V. Plans for Implementation of the STMA



Current Status of the STMA

- The Strategic Trade Management Act (STMA) Implementing Rules and Regulations (IRR) was approved by the NSC-STMCom last 31 August 2017.
- The IRR is currently being circulated to the members of the NSC-STMCom for signature. Afterwards, the IRR will be published in the Official Gazette and shall take effect 15 days after the completion of its publication.



Current Status of the STMA

- The proposed organizational structure of the Strategic Trade Management Office (STMO) was endorsed by the Executive Secretary to the Secretary of the Department of Budget and Management last 26 January 2018.
- Items to be included in the National Strategic Goods List (NSGL) is being finalized. Strategic items which are **currently regulated by other government agencies will not be handled by the STMO.**

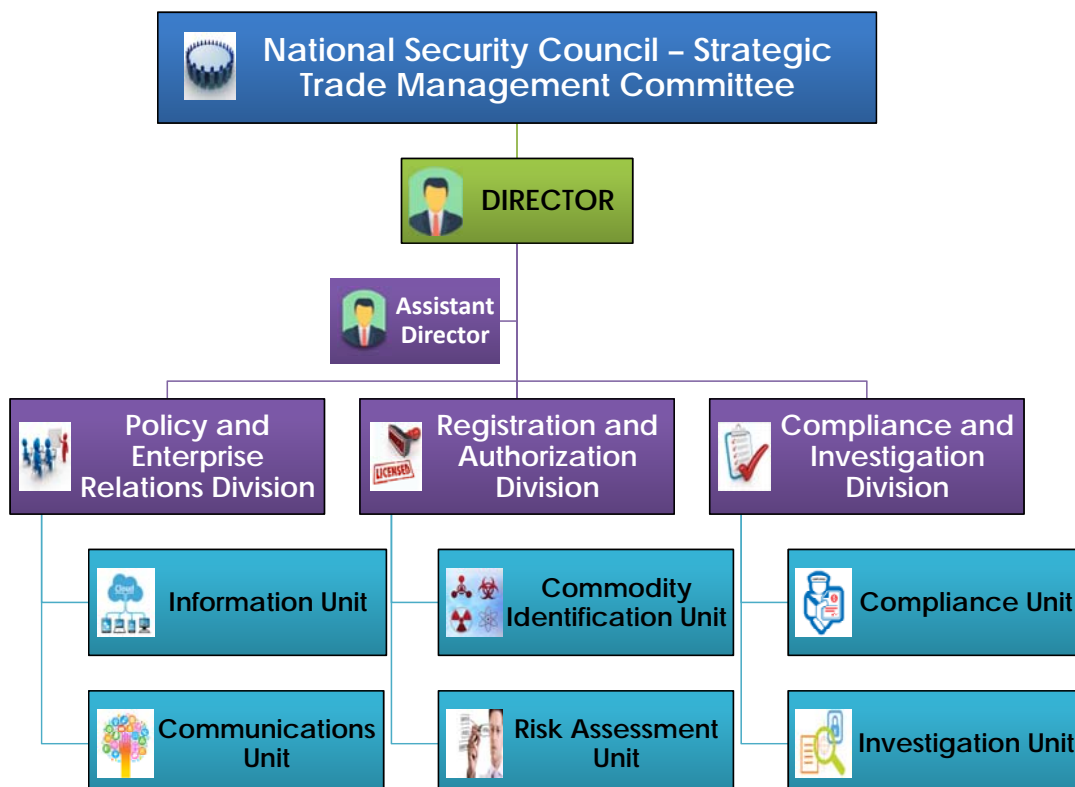


OUTLINE OF PRESENTATION

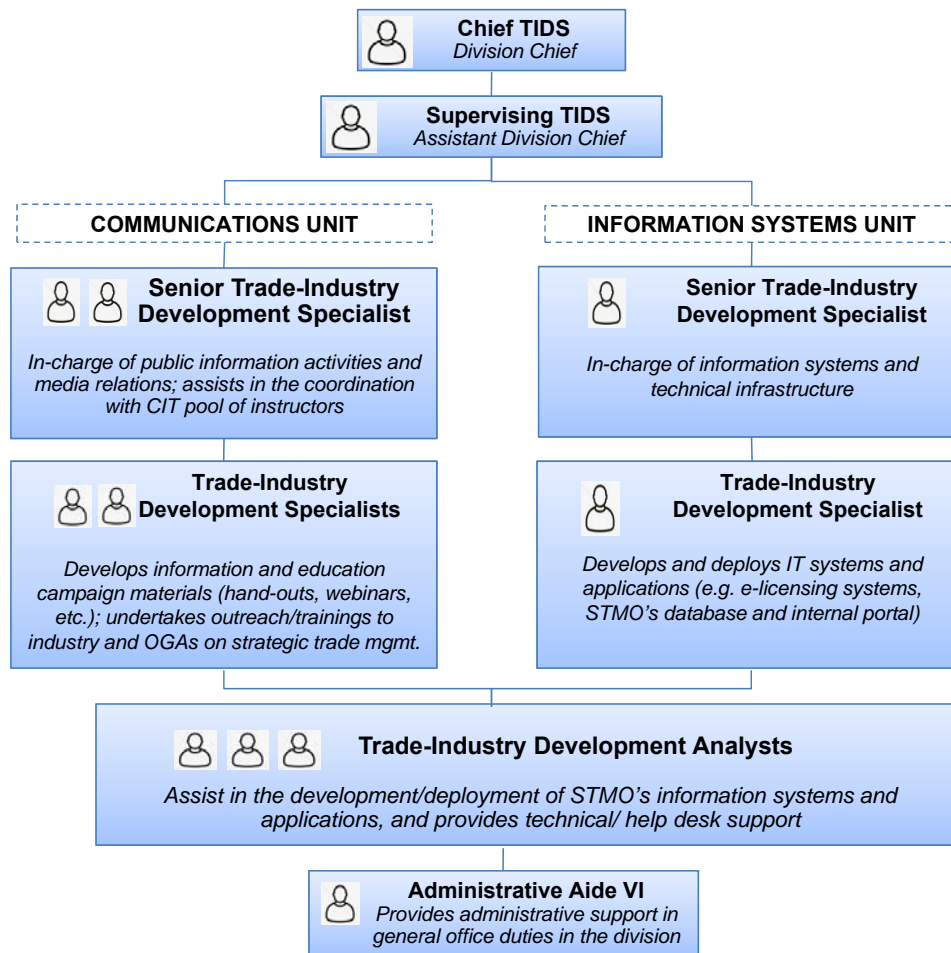
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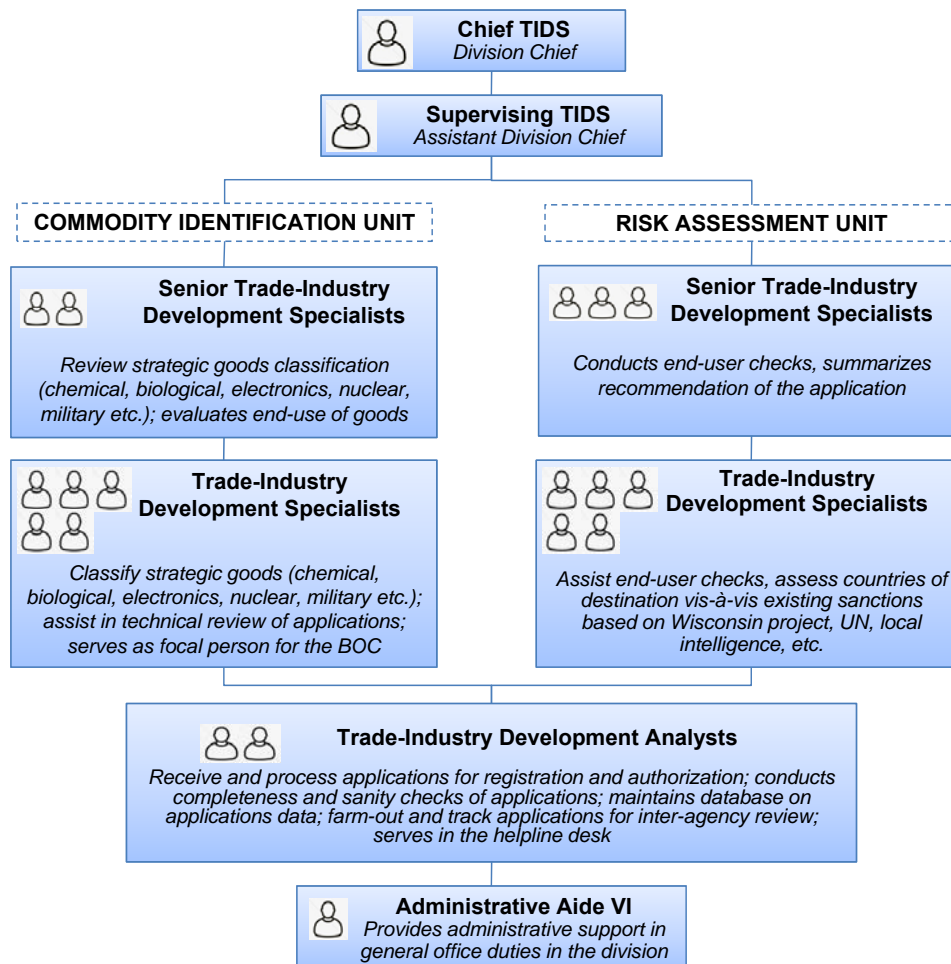
Organizational Structure



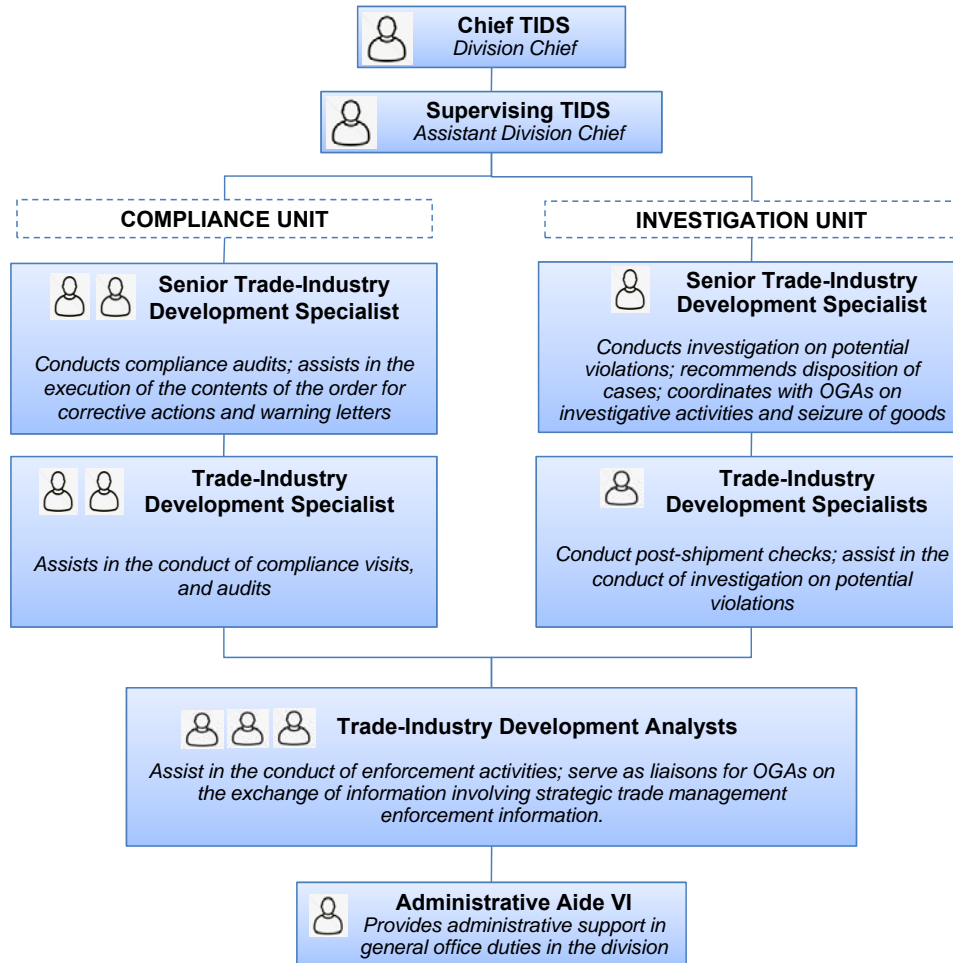
POLICY AND ENTERPRISE RELATIONS DIVISION



REGISTRATION AND AUTHORIZATION DIVISION



INVESTIGATION AND COMPLIANCE DIVISION



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National Strategic Goods List



ANNEX I Military List



ANNEX II Dual-Use List



ANNEX III Nationally Controlled Goods List



Dual-Use Goods List

- During its meeting on 31 August 2017, the NSC-STMCom agreed that the STMO will initially regulate the **export of tangible dual-use goods** under **Annex II of the National Strategic Goods List (NSGL)**.
- The framework to be used for Annex II of the NSGL shall be the **2016 version of the EU Control List on dual-use goods**.



Dual-Use Goods List

- **Export** of items with DU Codes **1A007, 1A008, 1C111, 1C227, 1C228, 1C229, 1C239, 3A229** and **3A232** under Annex II of the NSGL shall be subject to the licensing of the Philippine National Police – Firearms Explosives Office.
- **Transit, transshipment, re-export, re-assignment and provision of related services** of the abovementioned DU Codes, however, would still be covered by the STMO.



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Elements of an ICP

- Compliance Commitment – a document signed by a senior officer of the Company, furnished to all concerned employees, stating the company's commitment to comply with the STMA.
- ICP Structure and Responsibility – an internal organizational structure responsible for creating awareness of, developing systems, and overseeing proper implementation for compliance must be established.



Elements of an ICP

- Screening Procedures – the following are covered:
 - a) Product classification/ Identification
 - b) End-use screening
 - c) End-user screening
 - d) Risk Assessment
- Shipment Control – verification and final check of documents, licenses, and other requirements before shipment is made to prevent the diversion of strategic goods while in transit.



Elements of an ICP

- Internal Audit – audit annually conducted by the company to detect possible weaknesses in the company's ICP which lead or tend to lead to violations of the STMA.
- ICP Manual – a comprehensive, clear, implementable, and understandable manual that serves as a reference material of the company's standard operating procedure in the performance of their duties regarding the STMA.



Elements of an ICP

- ICP Training – all concerned employees must be trained on the STMA prior to having access to strategic items, software, and technology or prior to being involved in transactions related to the STMA.
- Recordkeeping – all person/s engaged in the business involving STMA are required to keep in a secure manner for a period of ten (10) years, from the date of completion of the transactions, all documents and records, in both hard copy and electronic copy, of the transaction.



Elements of an ICP

- Reporting and Corrective Action – a mechanism for reporting violations of the STMA must be created by the company. Further, the company must implement preventive measures and corrective actions to prevent similar violations to recur.



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Plans for Implementation of the STMA

- **Development of a National Enterprise Outreach Action Plan**
- **Drafting of Guidelines and Manuals**
- **Creation of Technical Working Groups and Sub-Committees**
- **STMO's IT Infrastructure**
- **Industry Mapping**
- **Registration**



Enterprise Outreach Action Plan

KEY FEATURES

Identify enterprises through a regularly updated Industry Map

Collect enforcement leads from industries

Accessible online

Relevant & adaptable to industry's needs

Educate & update on STMA with OGAs participation



Enterprise Outreach Action Plan

OBJECTIVE STATEMENT

To capacitate industry players to address and deter the proliferation of WMD threat by providing an inclusive and accessible platform for information dissemination and feedback submission, implemented by a well-coordinated inter-agency body with oversight features to assess its effectiveness.

INDUSTRY IS THE FIRST LINE OF DEFENSE



Enterprise Outreach Action Plan

OUTREACH METHODS

AWARENESS
via

- **Dedicated website**
- Social Media Advertising
- Partnering with industry associations

EXPERTISE

- **Workshops, conferences and webinars**
- Partnering with US, EU and other Asian countries with existing export control laws

ADVICE

- **Hotlines and Counselling (24/7 Hotline)**
- Technical Advisory Council
- Industry Consultations Day



Enterprise Outreach Action Plan

TIMELINES AND GOALS

| Short Term (2018) |
|--|
| <ul style="list-style-type: none">• Industry Outreach to PEZA locators• Industry outreach to OGAs, academe, industry associations• Coordination with academe and industry associations• Advertisement on social network services• Brochures and modules• Drafting of guidelines and manuals |

| Medium Term (2018 - 2019) |
|--|
| <ul style="list-style-type: none">• Industrial Mapping study• Development of IT infrastructure• Establishment of the Technical Advisory Council• Webinars/ Module Development• Establishment of the weekly Industry Consultations Day• Organization of the 1st Strategic Trade Conference and Industry Day |

| Long Term (2018 – Onwards) |
|---|
| <ul style="list-style-type: none">• Coordination with PEZA and other Investment Promotion Agencies to regularly update industry stakeholders• Regularly update the Industrial Mapping Study• Modular Workshops and Conferences• Regular Technical Advisory Council Consultations• Annual Strategic Trade Conference• Institutionalize CIT Pool |



Guidelines and Manuals

- **Guidelines for Classifying Strategic Items in the National Strategic Goods List**
- **Registration and Authorization Manual**
- **Internal Compliance Manual**
- **Investigation and Audit Manual**
- **STMO Manual of Operations**
- **Administrative Appeals Manual**
- **Inter-agency Operations Manual**





Technical Working Groups (TWG)

- **TWG on STMO-BOC-PEZA Coordination** – TWG to determine an inter-agency communication mechanism on approved licenses of the STMO. This TWG also covers how to address commodity identification inquiries from BOC and PEZA.
- **TWG on Risk Targeting, Transit and Transshipment** – TWG on establishing inter-agency protocols for risk targeting of shipments and intelligence sharing.



Sub-Committees

- **Sub-Committee on Risk Assessment Review** – will comprise the Risk Assessment Review Committee of the STMO. Draft mechanism for this Committee as well as escalation procedures.
- **Sub-Committee on Technical Reachback** – establish procedures on technical reachback with OGAs including timeframe.
- **Sub-Committee on STMA Investigation and Prosecution** – establish procedures on conduct of investigation, custody of evidence, etc.



STMO's IT Infrastructure

- In the process of developing the IT Infrastructure in coordination with a Philippine IT Service Provider and a Korean IT Service Provider.
- Possible collaboration between DTI – STMO and the Republic of Korea's Ministry of Energy, Trade and Industry (MOETI)/ Korean Strategic Trade Institute (KOSTI)



Industrial Mapping

- An Industrial Mapping study will be undertaken by the **EUP2P** and **STMO** to make an **initial determination of companies currently engaging in strategic goods and of strategic items traded by companies in the Philippines.**
- This Industrial Mapping will be updated annually or every other year by the STMO.



Registration



Strategic Trade Management Office
3F Tara Bldg., 389 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines
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FORM A1

APPLICATION FOR ENTRY INTO REGISTER

| | |
|--|--|
| Person/ Company to be Registered: | STMO Registration No.: <i>(For official use only)</i> |
| Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Amendment | Application Date: <i>(dd/mm/yyyy) *must be automatically generated by the system</i> |
| Business Classification: <input type="checkbox"/> Exporter <input type="checkbox"/> Re-exporter <input type="checkbox"/> Importer <input type="checkbox"/> Others _____ <i>(Check more than one classification, if necessary)</i> | |
| Company Registration No./ Passport No.: | Date of Incorporation: <i>(dd/mm/yyyy)</i> |
| Address: | Contact Person's Information <i>(For organization only)</i> |
| | Name and Designation: |
| Contact No.: | Tel/Mobile No.: |
| Fax No.: | Fax No.: |
| E-mail address: | E-mail: |
| Website Address (if available): | Government ID Number: |



Registration

The following documents may be appended to the application:

- Relevant license/s or business permits.
- Description of ICP, if applying for a global or general license.

Additional requirement for juridical persons:

- List of contact person/s including a Senior Manager who will be in contact with the STMO with valid government IDs, date of birth, address, telephone numbers, et.al.



Thank you for your attention.

ATTY. JANICE SACEDON-DIMAYACYAC
Strategic Trade Management Office
Department of Trade and Industry

