



# Philippine STMA Implementation Updates

30 September 2020

# Presentation Outline

## STMA OVERVIEW

**01**

Brief introduction of the legislation

## REGISTRATION AND LICENSING

**02**

Processes and updates

## INTERNAL COMPLIANCE PROGRAM

**03**

Elements of an ICP

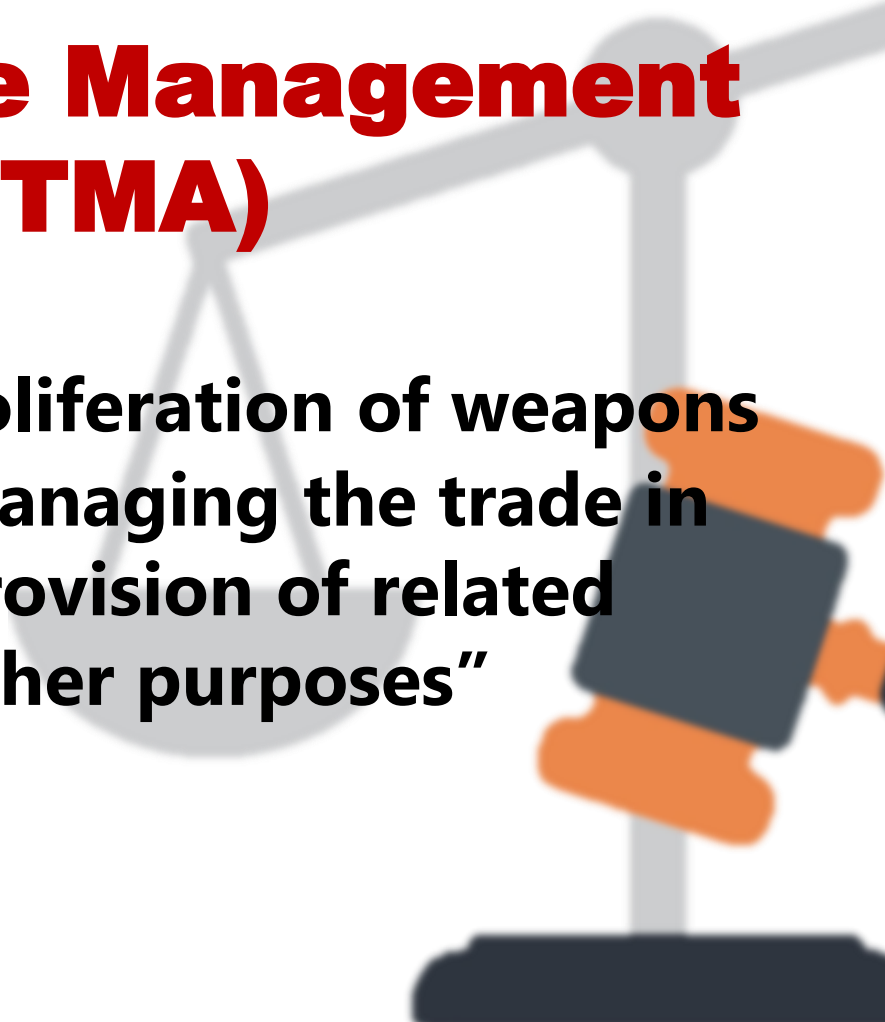
## INDUSTRY GUIDELINES AND OUTREACH

**04**

Industry Awareness Raising Programs

## **Strategic Trade Management Act (STMA)**

**“An act preventing the proliferation of weapons of mass destruction by managing the trade in strategic goods, the provision of related services, and for other purposes”**



# National Strategic Goods List



MILITARY  
(Annex I)



DUAL-USE  
(Annex II)



NATIONALLY -  
CONTROLLED  
(Annex III)

## CATCH-ALL CONTROLS

- Goods or services may be used for **WMDs or their means of delivery**.
- Country of destination is subject to an international sanction/ arms embargo and goods may be used for **military end-use**.
- Goods may be **used as parts/ components of military items** that have been exported without a license.
- Exporter knows or suspects** that the unlisted goods may be used for a) or b).

# Scope and Coverage

## TERRITORIAL JURISDICTION



# Scope and Coverage

FILIPINO PERSONS WHEREVER LOCATED

TERRITORIAL JURISDICTION



## ADMINISTRATIVE PENALTIES



Warning/ Orders for Corrective Action



Limitation/ revocation/ annulment of authorization/ registration



Fines



Cancellation/ suspension of authority to operate with SEC/ DTI

## CRIMINAL PENALTIES



Imprisonment for a period of **six (6) years and one (1) day to twelve (12) years**, and a fine from one million pesos (P1,000,000.00) to five million pesos (P5,000,000.00)



Imprisonment for a period of **six (6) months and one (1) day to six (6) years**, and a fine from one hundred thousand pesos (P100,000.00) to one million pesos (P1,000,000.00)

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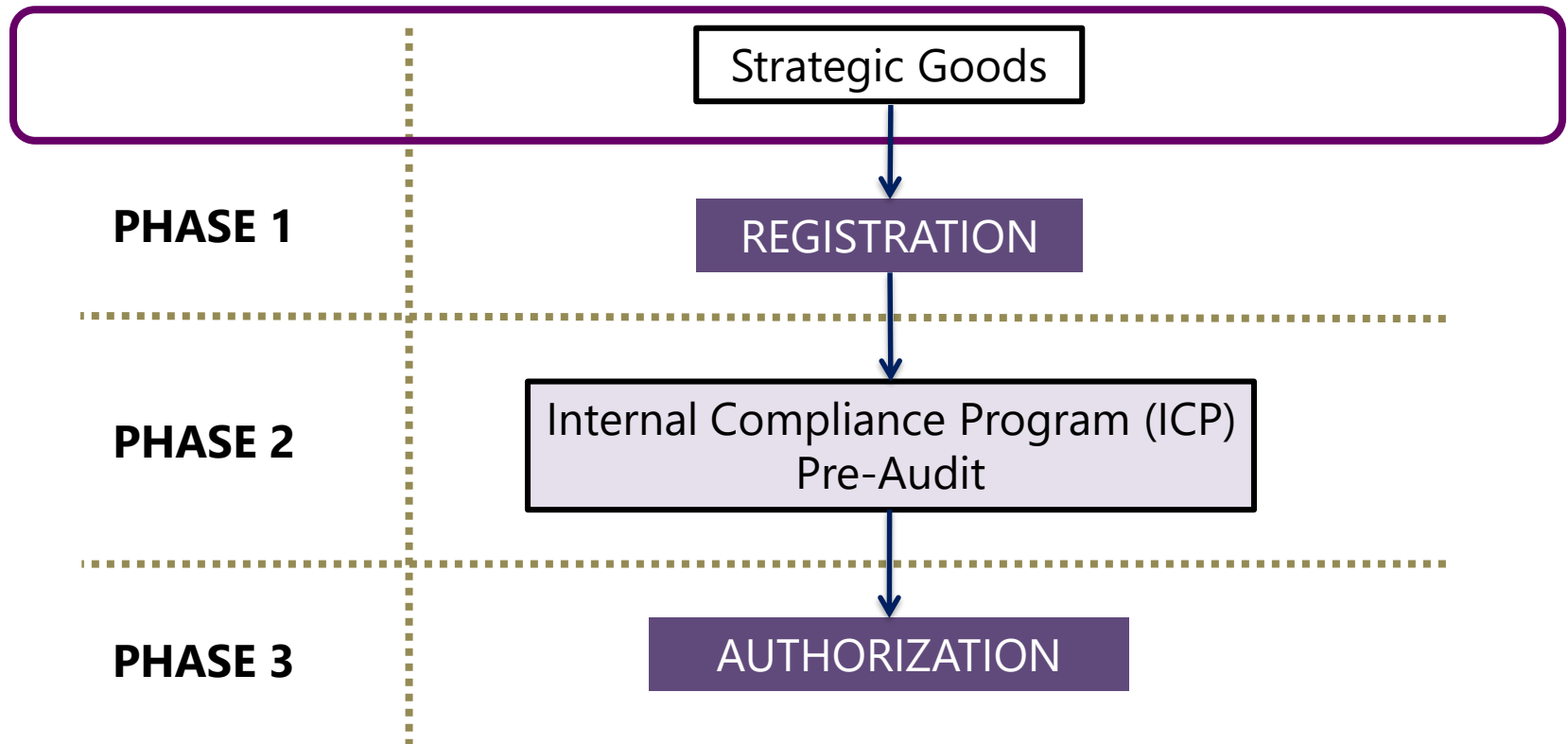
## INDUSTRY OUTREACH

**04**

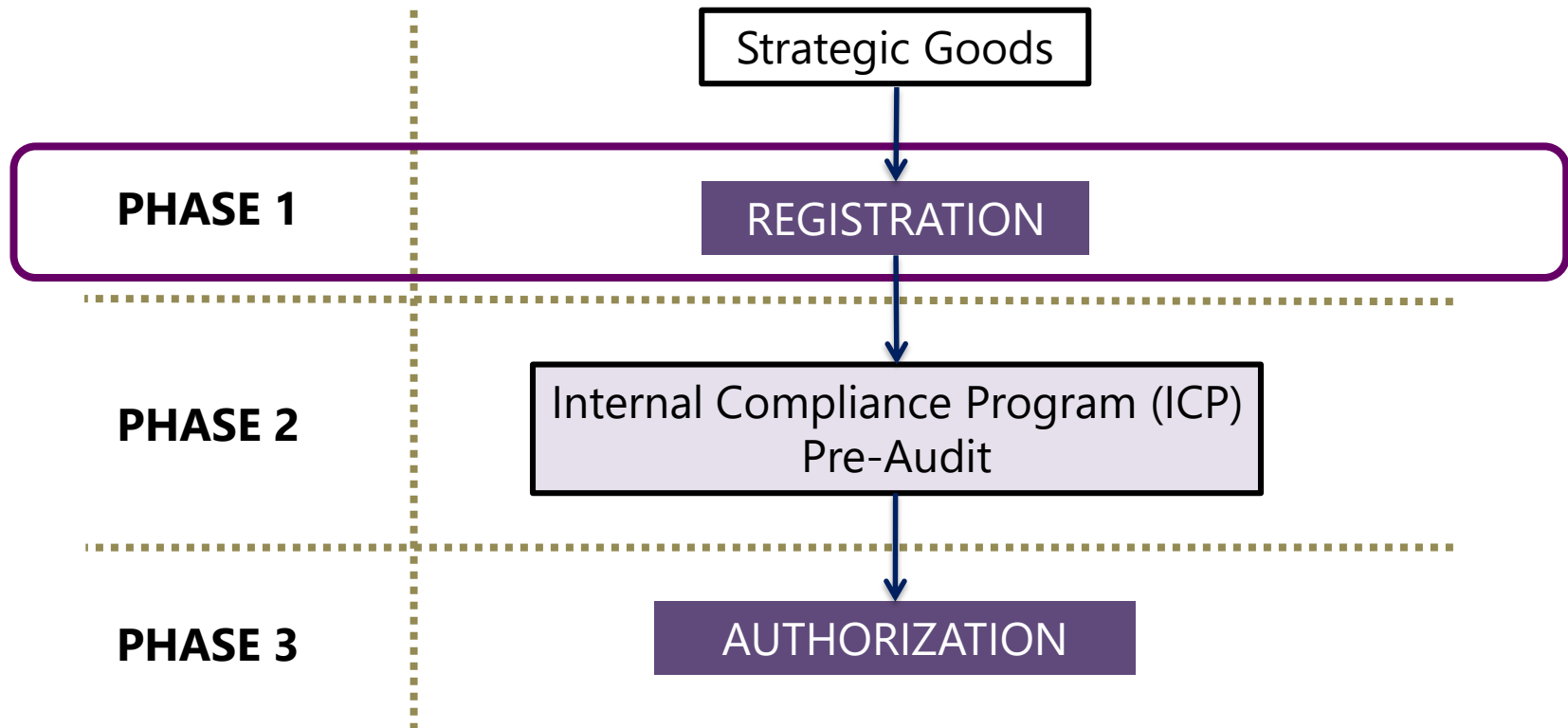
Industry Awareness Raising Programs



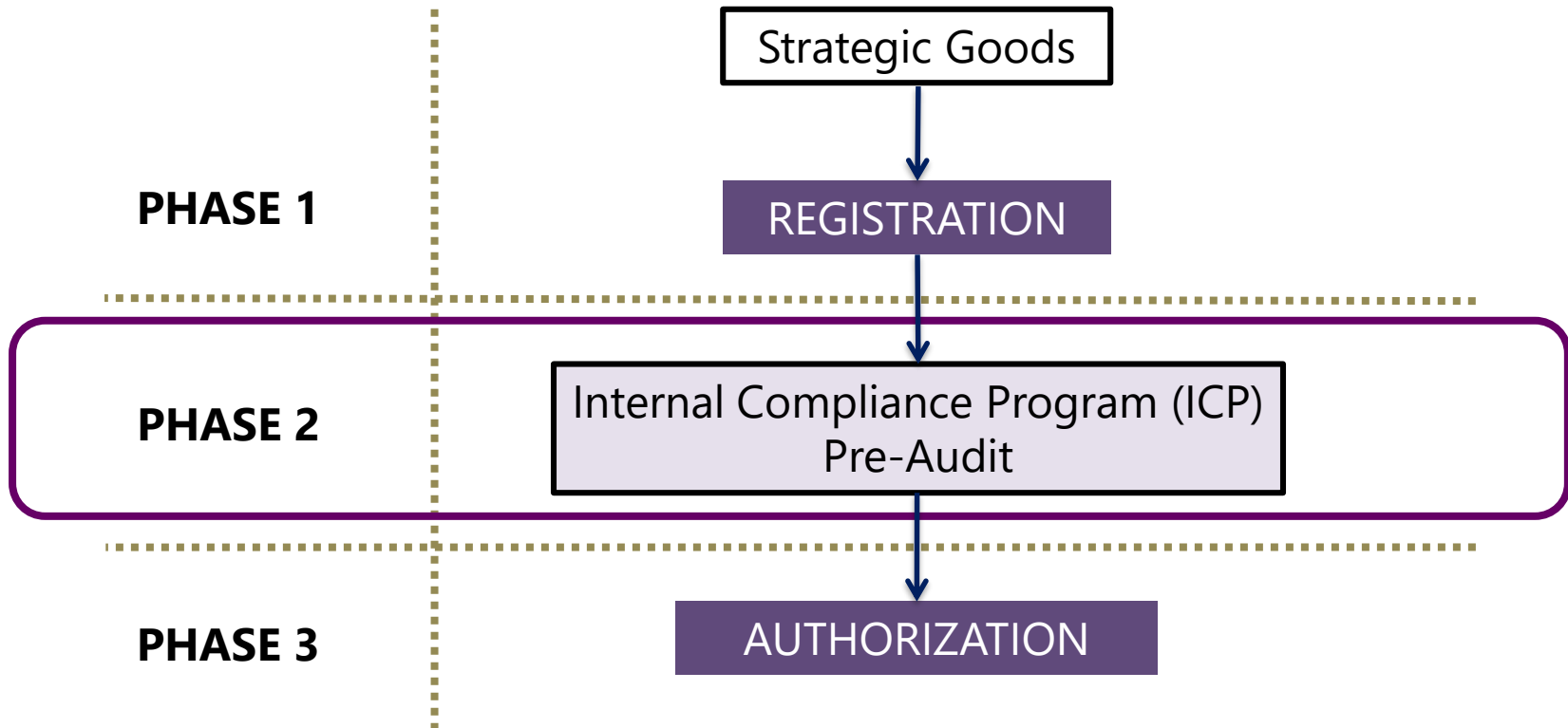
# Regulatory Process Overview



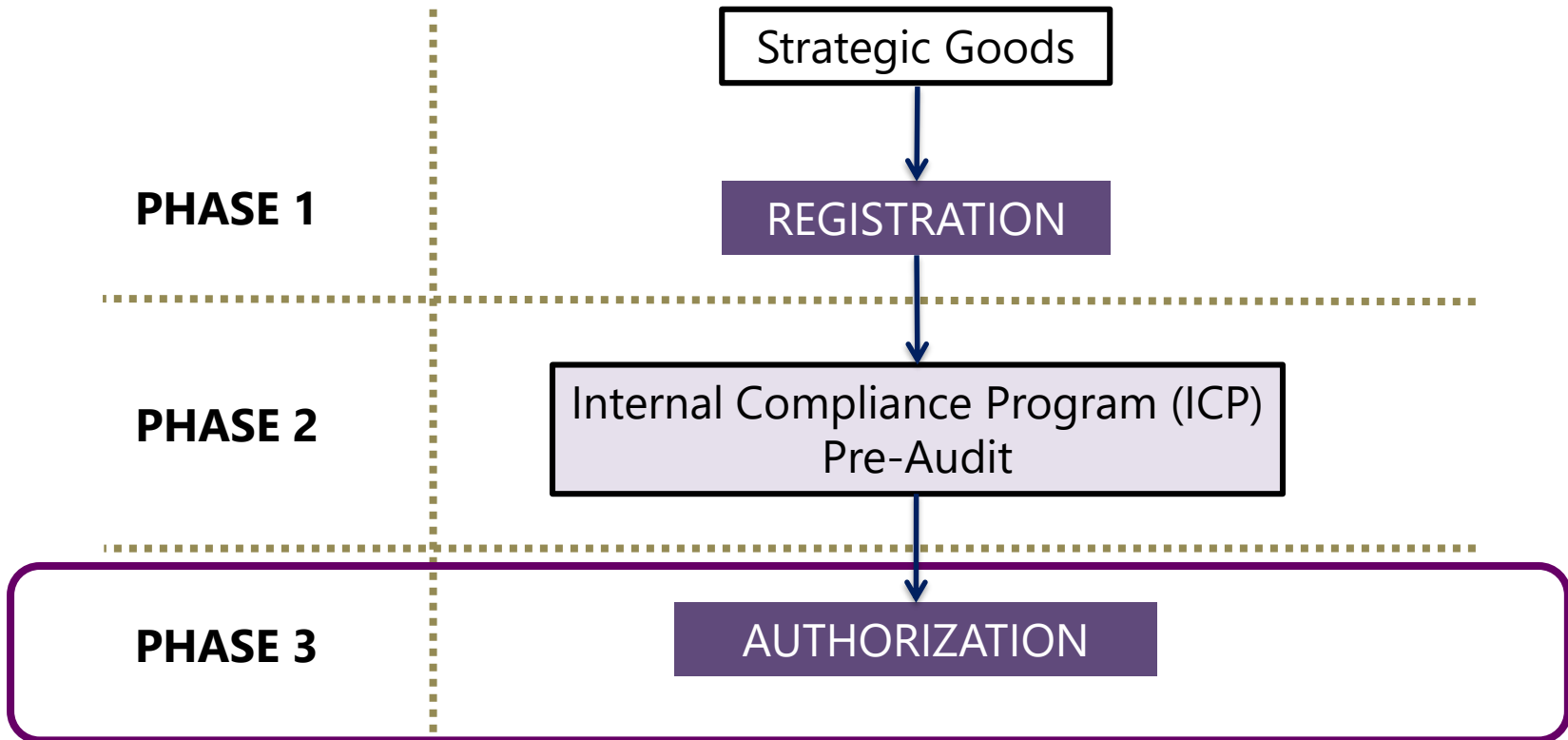
# Regulatory Process Overview



# Regulatory Process Overview



# Regulatory Process Overview



# Type of Authorizations

## Individual

1 end-user

2 years

## Global

1 or more  
end-users/  
country of  
destination

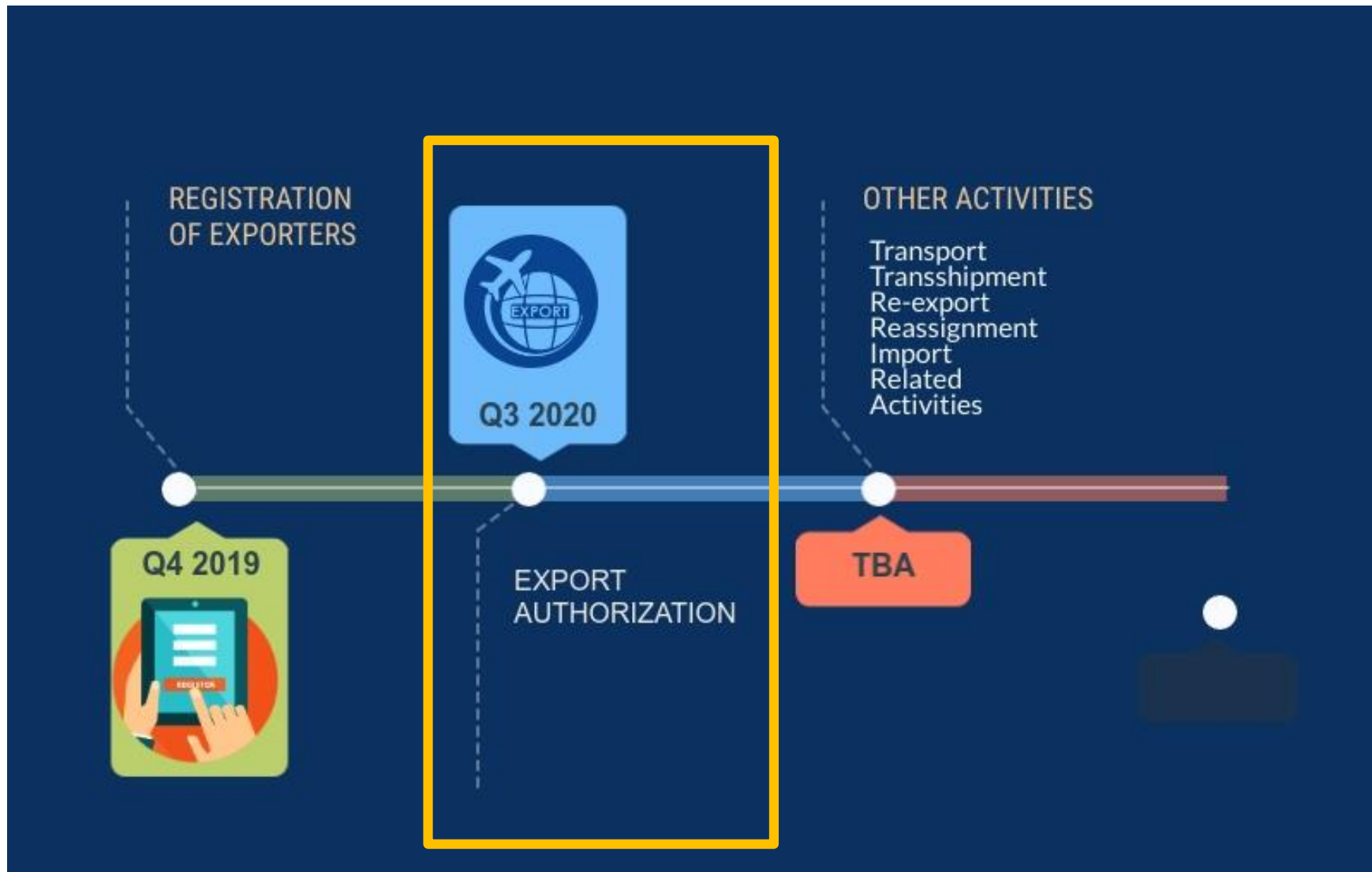
5 years

## General

Low Risk  
Goods to Low  
Risk Country

Lifetime or  
Until Revoked

# Phased Implementation of the STMA



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# Elements of an Effective ICP



## **MANAGEMENT COMMITMENT**

The commitment and support given by the management to comply with the STMA and its IRR.



## **ICP STRUCTURE AND RESPONSIBILITY**

The composition and arrangement of personnel in implementing the ICP tasked in implementing the ICP.



## **TECHNOLOGY CONTROL PLAN, if applicable**

A system designed to prevent unauthorized access, transmission, transfer or sharing of sensitive and controlled items, software, and technology.



## **REPORTING AND CORRECTIVE ACTION**

A system for reporting incidents or acts that violate the STMA, its IRR or terms and conditions of the authorization including remedial and preventive measures intended to avoid violations.



## **SHIPMENT CONTROL**

A system that prevents diversion of strategic goods as they are transferred from one country to another.



# Elements of an Effective ICP



## **SCREENING PROCEDURES**

Company's procedure for commodity classification, end-use/ end-user screening, and risk assessment.



## **ICP TRAINING**

Skills/ knowledge development in preparation for tasks concerning strategic trade management or ICP.



## **INTERNAL AUDIT**

The process whereby a company assesses its ICP



## **ICP STANDARD OPERATING PROCEDURE**

Contains the detailed procedure that must be followed to ensure compliance with the ICP's rules and policies.



## **RECORDKEEPING**

A system by which a company maintains records of its transactions.

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# Industry Outreach



**Awareness Forum**  
Industry Sector  
Economic Zone Location



**Tele-radio Info Session**



**MSME Exhibitions**



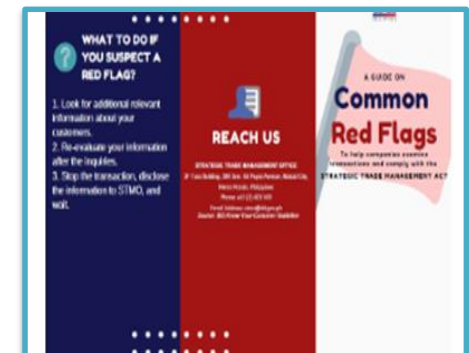
**One-on-One Consultation**  
Company Visit  
In-house Consultation  
ICP Set-up Assistance



**Events organized by  
both Government  
Agencies and Private  
Sector**  
(e.g. industry association)

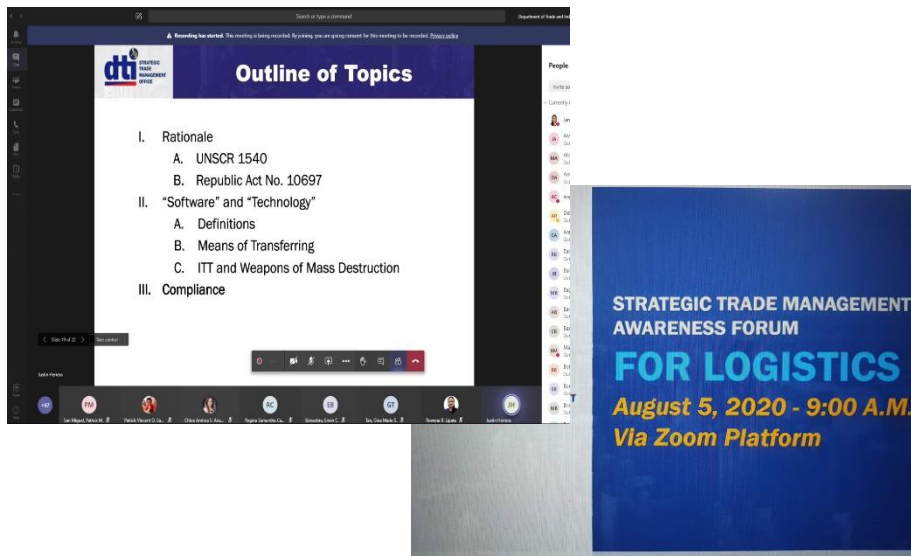


**STMO Newsletters**

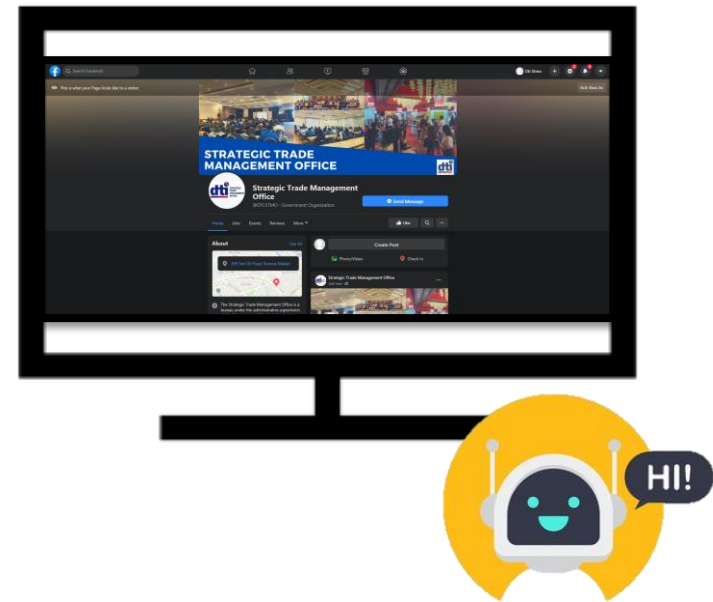


**Brochures**

## Online Industry Outreach/ Consultation (from April 2020)



## Realtime Online Inquiry via Chatbot



# Assistance to Industry



# Industry Guidelines

Guidelines on Export Authorization

List of Prohibited End-Users

Guidelines in Obtaining Non-Strategic Good Certificate

Guideline on Temporary Suspension of Administrative Penalty

Guidelines on ICP Pre-Authorization Audit

Guidelines for Export Clearance

MEMORANDUM CIRCULAR NO. 20-26

Series of 2020

SUBJECT: **GUIDELINES ON EXPORT AUTHORIZATION**

**WHEREAS**, according to Section 8 of Republic Act No. 10697, otherwise known as the Strategic Trade Management Act (STMA), the Strategic Trade Management Office (STMO) is created as a bureau under the administrative supervision of the Department of Trade and Industry (DTI) to serve as the executive and technical agency of the national government for the establishment of the management systems for the trade in strategic goods.

**WHEREAS**, under Section 3 of the STMA, the following activities shall be subject to an authorization issued by the STMO: export, import, transit, transshipment, re-export, reassignment, and the provision of related services.

**WHEREAS**, Section 4 of the STMA creates a National Strategic Goods List (NSGL), which describes with specificity the strategic goods subject to authorization. The NSGL is composed of three (3) annexes: Military Goods (Annex 1), Dual-Use Goods (Annex 2), and the Nationally Controlled Goods (Annex 3).

**WHEREAS**, Section 9(d) of the STMA vest the STMO with the power and function to issue or deny issuance of authorizations for the trade of strategic goods and the provision of related services.

**WHEREAS**, under the Department Administrative Order (DAO) 19-07, the STMO shall adopt a phased implementation of the activities under the STMA, starting with the registration of stakeholders and followed by export authorization.

**NOW, THEREFORE**, this Circular is hereby issued for the information, guidance, and compliance of all covered persons.

**1. Start of Export Authorization**

The STMO shall start accepting export authorization applications from STMA-registered persons on 01 July 2020.

**2. Regulated Activities**

Export refers to the following activities:

2.1. An actual shipment of strategic goods out of the Philippines (Fig. 1); or

2.2. Transmission of software and technology (Fig. 2) via:

STRATEGIC TRADE MANAGEMENT OFFICE

<https://www.dti.gov.ph/strategictrade>



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Home About STMO Resources Media

The Strategic Trade Management Office (STMO) is a lead government agency responsible for the establishment of management systems for the trade in strategic goods. It supervises the implementation of the licensing system, verifies compliance with the law, and provides information to industry, among others.

## ISSUANCES

NEWS

ANNOUNCEMENTS

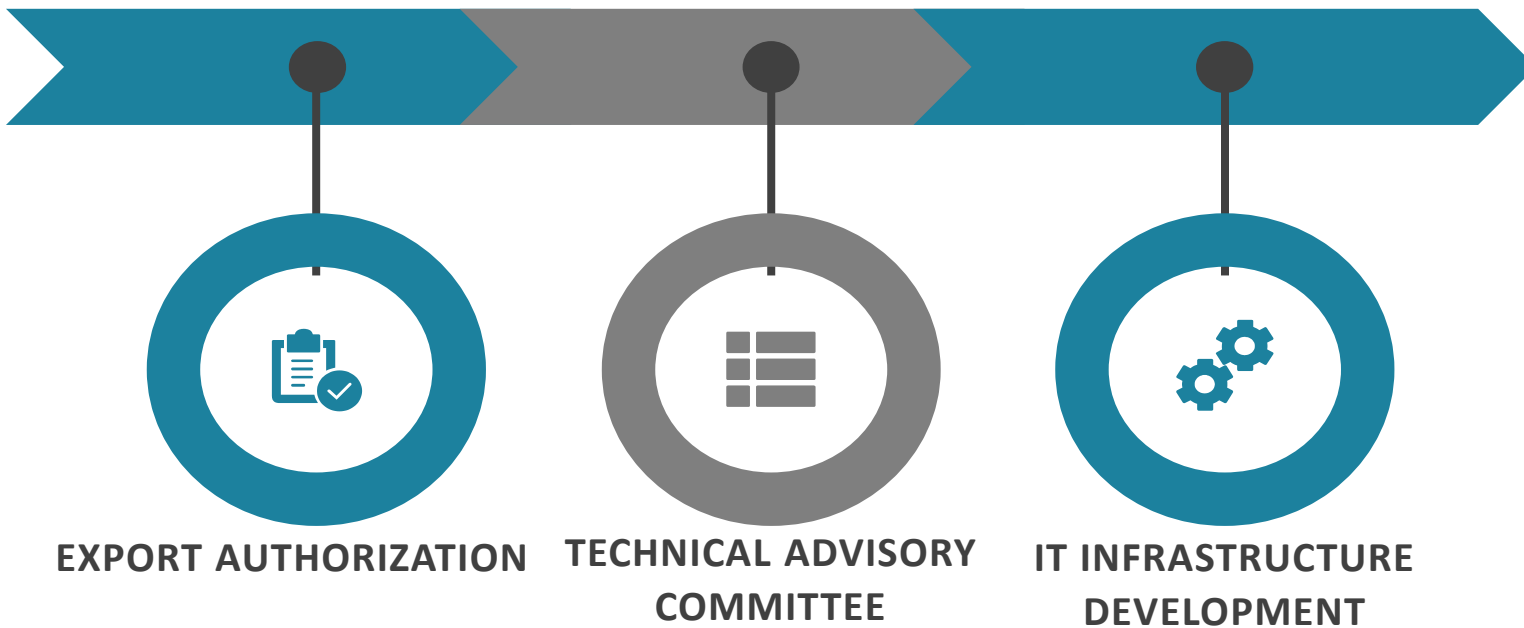


MEMORANDUM CIRCULAR NO. 20-45  
Series of 2020

SUBJECT: GUIDELINES ON JOB PRE-AUTHORIZATION AID



# 2020 Activities



July 2020

**Note: Registration of Exporters  
is On-going**



# Thank you for your attention!

Connect with us at:



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[dti.gov.ph/strategictrade](http://dti.gov.ph/strategictrade)