

# PHILIPPINE STRATEGIC TRADE MANAGEMENT

## *Overview and Updates*



*Photo Credit: Baker McKenzie*



# **OUTLINE OF PRESENTATION**

- I. Strategic Trade Management Act**
  - i. National Strategic Goods List
  - ii. Scope of the STMA
  - iii. Coverage of the STMA
- II. Organizational Structure**
- III. Registration and Authorization Procedures**
- IV. Plans for Implementation**
- V. Administrative and Criminal Penalties**



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# National Strategic Goods List

The NSGL describes with specificity the ***strategic goods*** subject to authorization under the STMA.



## ANNEX I Military Goods



## ANNEX II Dual-Use Goods



## ANNEX III Nationally Controlled Goods



# Military Goods

Items, software and technology that are specifically designed, developed, configured, adapted, or modified for **military end use**.



**Annex I of the NSGL**





## Dual-Use Goods

Items, software and technology, which can be used for **both civil and military end use** or in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of weapons of mass destruction or their means of delivery.

**Annex II of the NSGL**



# Nationally Controlled Goods

Goods placed under unilateral controls for reasons of **national security, foreign policy, anti-terrorism, crime control** and **public safety**.

**Annex III of the NSGL**



# Catch-all Provision

Goods or services are or may be **used, partly or entirely in the acquisition, development, et. al. of WMDs.**

Country of destination is subject to an **international sanction or an arms embargo** and goods may be used for military end-use.

*An authorization for unlisted goods is necessary in the following instances:*

Goods may be **used as parts or components of military items** listed in the NSGL that have been exported without a license.

**Exporter knows or suspects** that the unlisted goods may be used for any of the uses referred to in para. (a) and (b).





# Strategic Goods to be Initially Regulated

- ❑ STMO will initially regulate items under **NSGL – Annex 2: List of Dual-Use Goods.**
- ❑ The export of items listed in Annex 2 of the NSGL requires an authorization from the Strategic Trade Management Office (STMO).
- ❑ Exports of strategic items with the following DU codes shall be subject to export licensing by the **Philippine National Police – Firearms and Explosives Office (PNP-FEO).**

**1A007, 1A008, 1C111, 1C227, 1C228, 1C229, 1C239, 3A229, 3A232**



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# Scope of the STMA

## Territorial Jurisdiction

Covers **natural** and **juridical persons** who engages or intends to engage in the activities covered by the STMA

## Extraterritorial Jurisdiction

Covers **all Filipino persons** providing the activities covered by the STMA, **wherever located.**



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# Coverage of the STMA

**Export**

**Transit**

**Transshipment**

**Import**

**Re-export**

**Reassignment**

**Provision of Related Services**

***(Brokering, Financing, Transportation and Technical Assistance)***



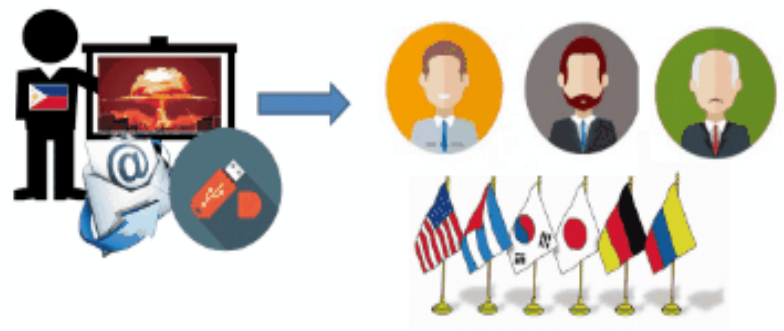
# Export

Actual shipment of strategic goods **out of the Philippines.**



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Transmission of software and technology either in electronic/ non-electronic form.

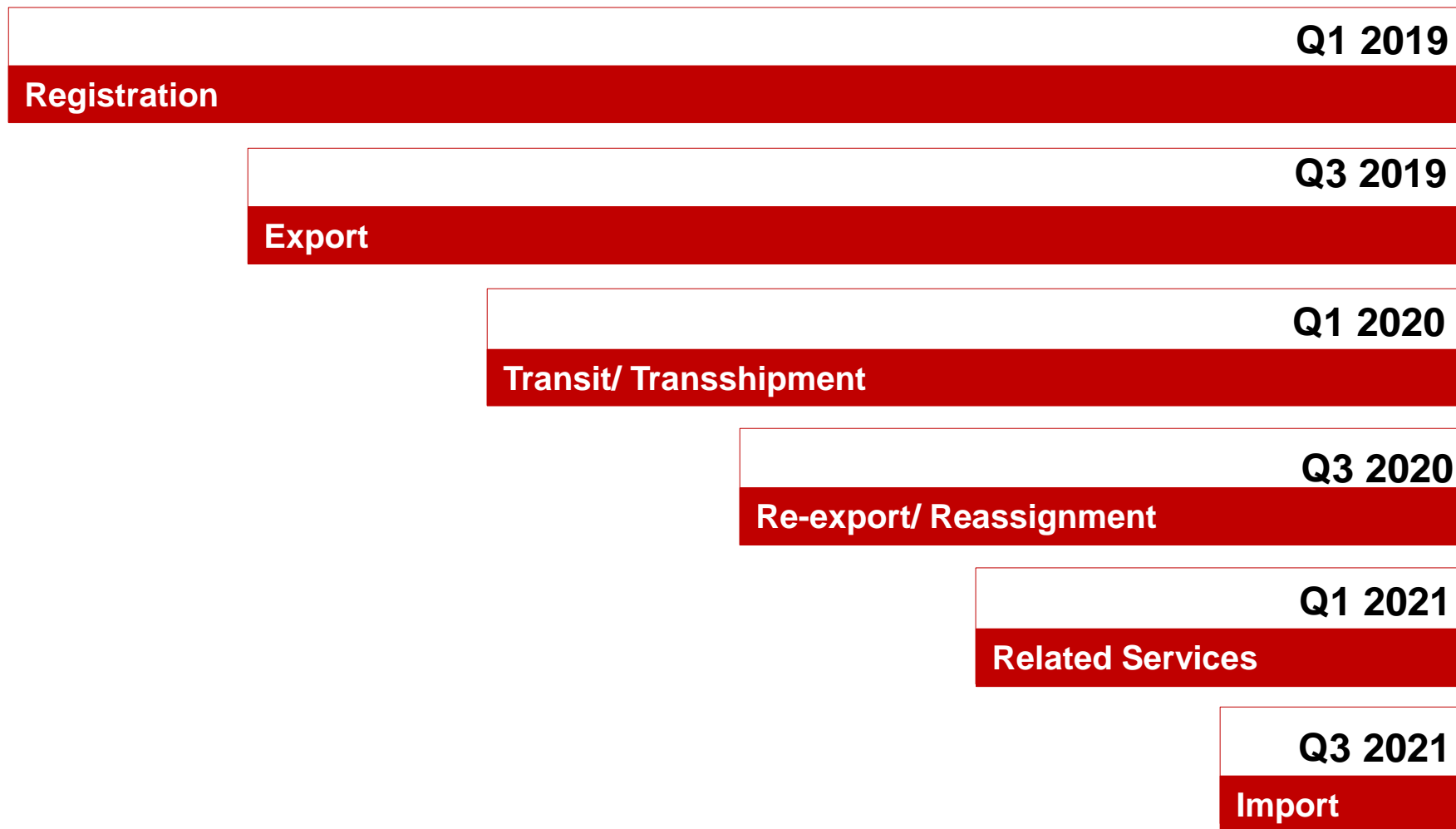


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# Phased Implementation of the STMA





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## **IV. Plans for Implementation**

## **V. Administrative and Criminal Penalties**



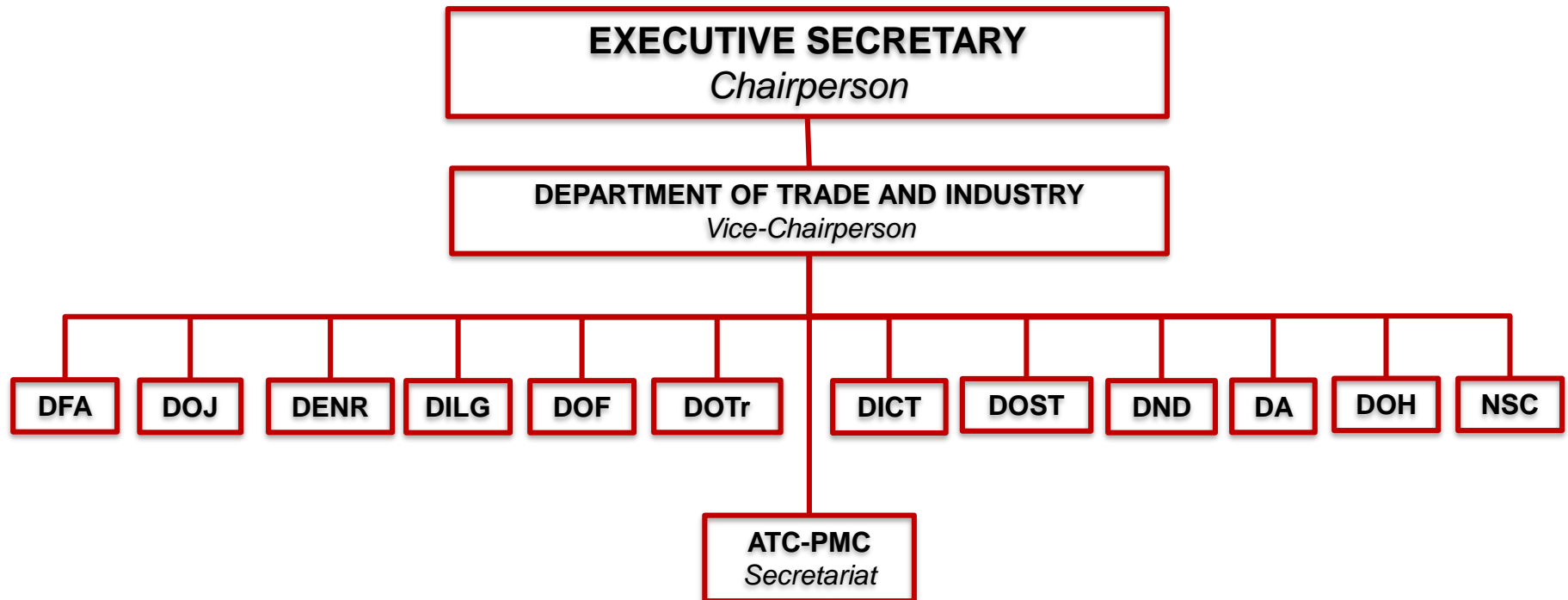
# **Central Authority**

## **National Security Council-Strategic Trade Management Committee (NSC-STMCom)**

A permanent committee under the National Security Council acting as the central authority on all matters relating to strategic trade management.



# Composition of the NSC-STMCom





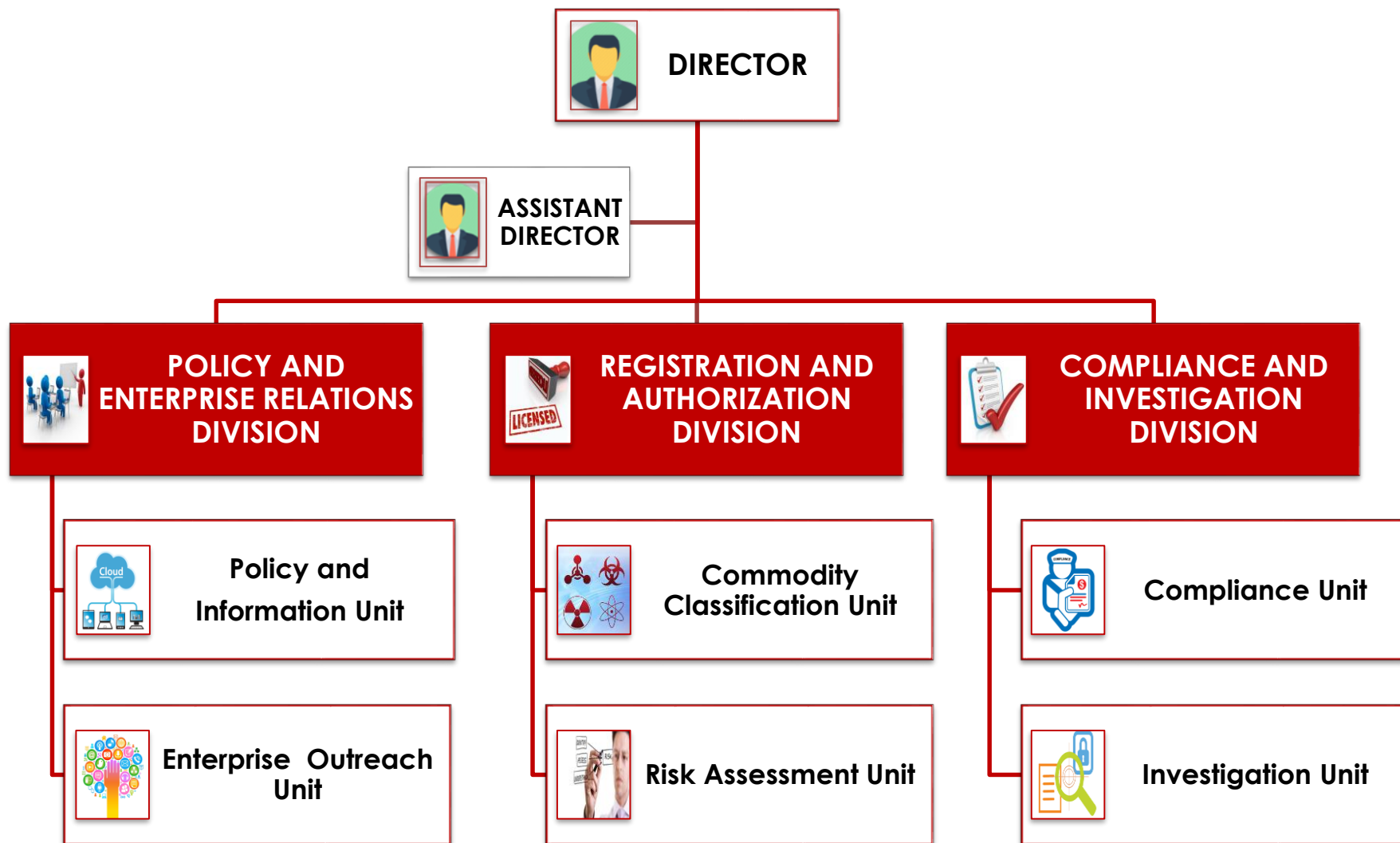
# **Executive and Technical Arm**

## **Strategic Trade Management Office (STMO)**

Bureau, under the administrative supervision of the Department of Trade and Industry, that serves as the executive and technical agency of the national government for the establishment of the management systems for the trade in strategic goods.



# Organizational Structure







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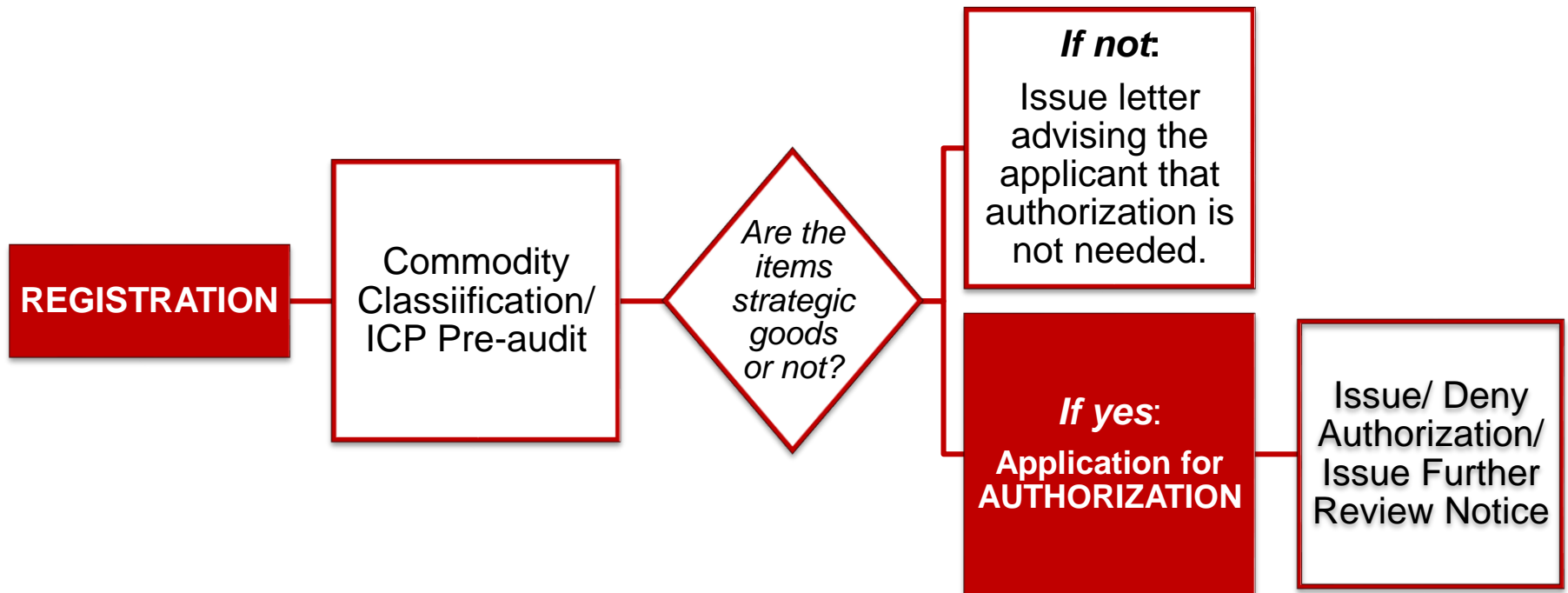
## **III. Registration and Authorization Procedures**

## **IV. Plans for Implementation**

## **V. Administrative and Criminal Penalties**

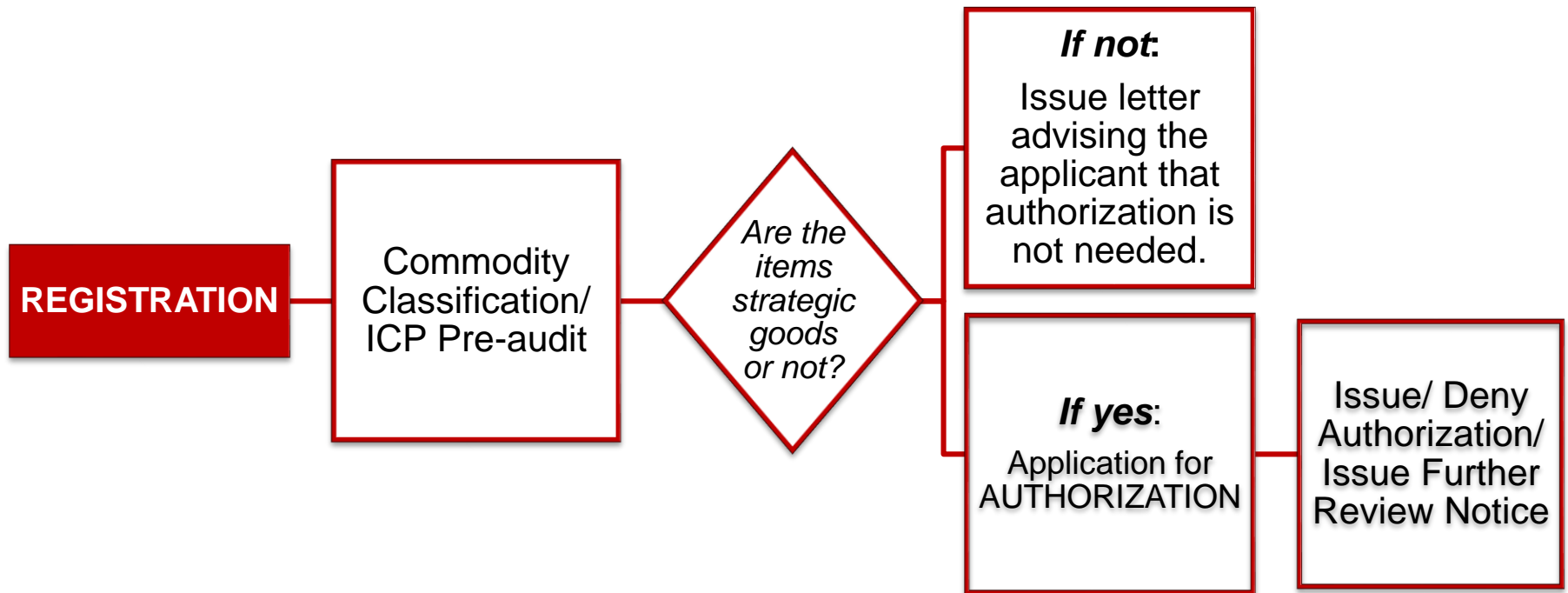


# Licensing Procedure Overview





# Licensing Procedure Overview





# Sample Registration Form

dti Strategic Trade Management Office 8F Tara Bldg., 389 Sen. Gil J. Puyat Avenue, 1200 Makati City, Philippines Telephone: (+632) 403.1419 Fax: (+632) 896.4431				
APPLICATION FOR ENTRY INTO REGISTER				
STMO Registration No.: <small>(For official use only)</small>		Application Date: <small>(dd/mm/yyyy)</small>		Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Amendment
PERSON TO BE REGISTERED				
Name/ Business Name:				
Organizational Type: <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Others _____				
SEC/ DTI Registration No./ Passport No.:			Date of Incorporation/ Registration: <small>(dd/mm/yyyy)</small>	
Address:				
Telephone No.:			Fax No.:	
E-mail address:			Website Address (if available):	
Business Activities: <small>(Check more than one classification, if necessary)</small> <input type="checkbox"/> Manufacturer <input type="checkbox"/> Exporter <input type="checkbox"/> Importer <input type="checkbox"/> Others _____				
CONTACT PERSON				
Name:			Designation/ Department:	
Address:			Government ID Number:	
Telephone/ Mobile/ Fax No.:			E-mail address:	
PERSON RESPONSIBLE FOR STMA COMPLIANCE				
Name:			Designation/ Department:	
Address:			Government ID Number:	
Telephone/ Mobile/ Fax No.:			E-mail address:	
Description of commodities and/ or services	NSGL Code	Countries of destination	Estimated number of export contracts per annum	Estimated number of export shipments per annum

Information on the individual or juridical person to be registered

Information on the person responsible for STMA compliance

Information on commodity description, NSGL Code, countries of destination, et. al.

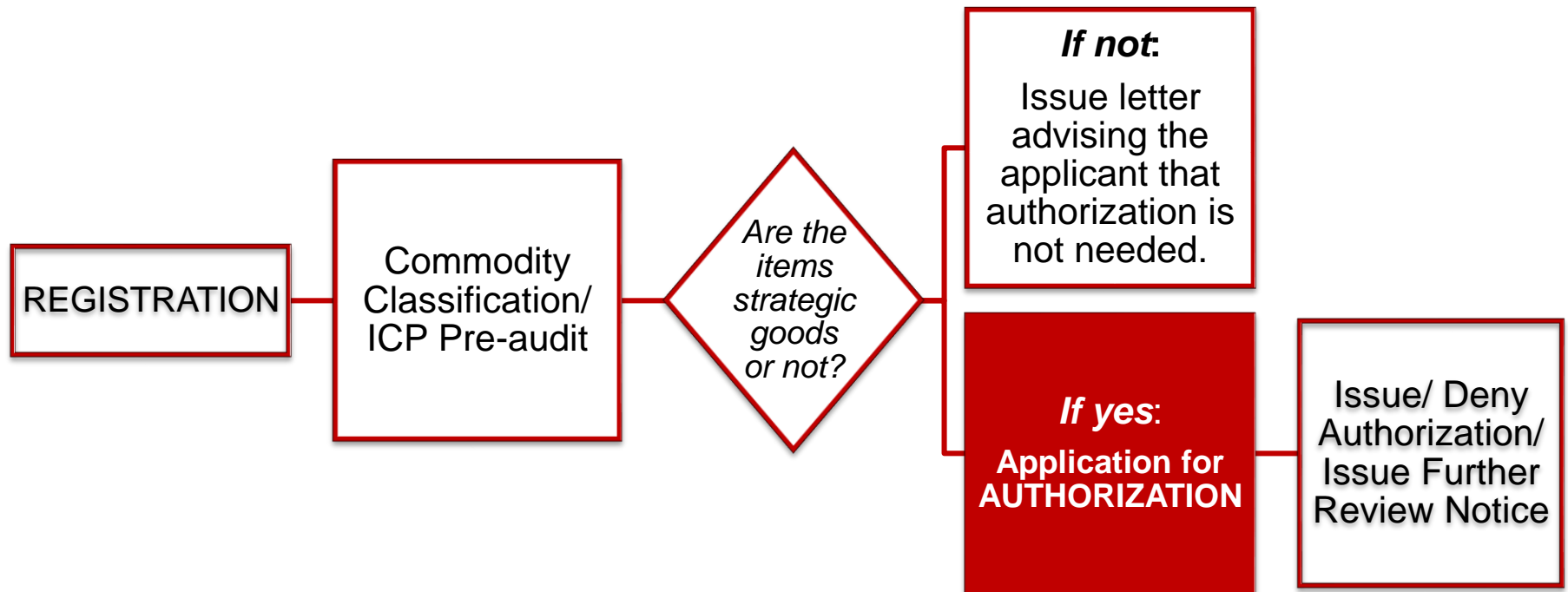


# **Additional Supporting Documents**

- ☐ **Relevant license/s or business permits.**
- ☐ **Copy of document appointing a Senior Manager as the responsible person for STMA compliance.**
- ☐ Description of strategic trade relevant activity/ reason for registration, if no website available.
- ☐ Description of Internal Compliance Program, if applicable.
- ☐ Organizational chart showing the relationship among the company's parent, subsidiaries, affiliates, or multiple division or facilities, if applicable.
- ☐ Internal organizational chart, i.e. showing responsibilities or reporting relationships of individuals or offices within the company, if applicable.



# Licensing Procedure Overview







# Types of Authorizations under the STMA



## INDIVIDUAL

An authorization granted to engage in strategic trade **with respect to one end-user/ consignee** and covering one or more strategic goods.

Validity of this authorization is for **2 years**.

An authorization granted to engage in strategic trade **with respect to several end-users/ consignees** covering one or more strategic goods.

Validity of this authorization is for **5 years**.



## GLOBAL



## GENERAL

An authorization to engage in strategic trade to destination countries under the conditions specified in the general authorization.

This authorization is valid for a **lifetime or until revoked by the STMO**.



# ICP Elements

**Management  
Commitment**

**ICP Structure  
and  
Responsibility**

**Screening  
Procedures**

**Shipment  
Control**

**ICP Training**

**Internal Audit**

**ICP Standard  
Operating  
Procedure**

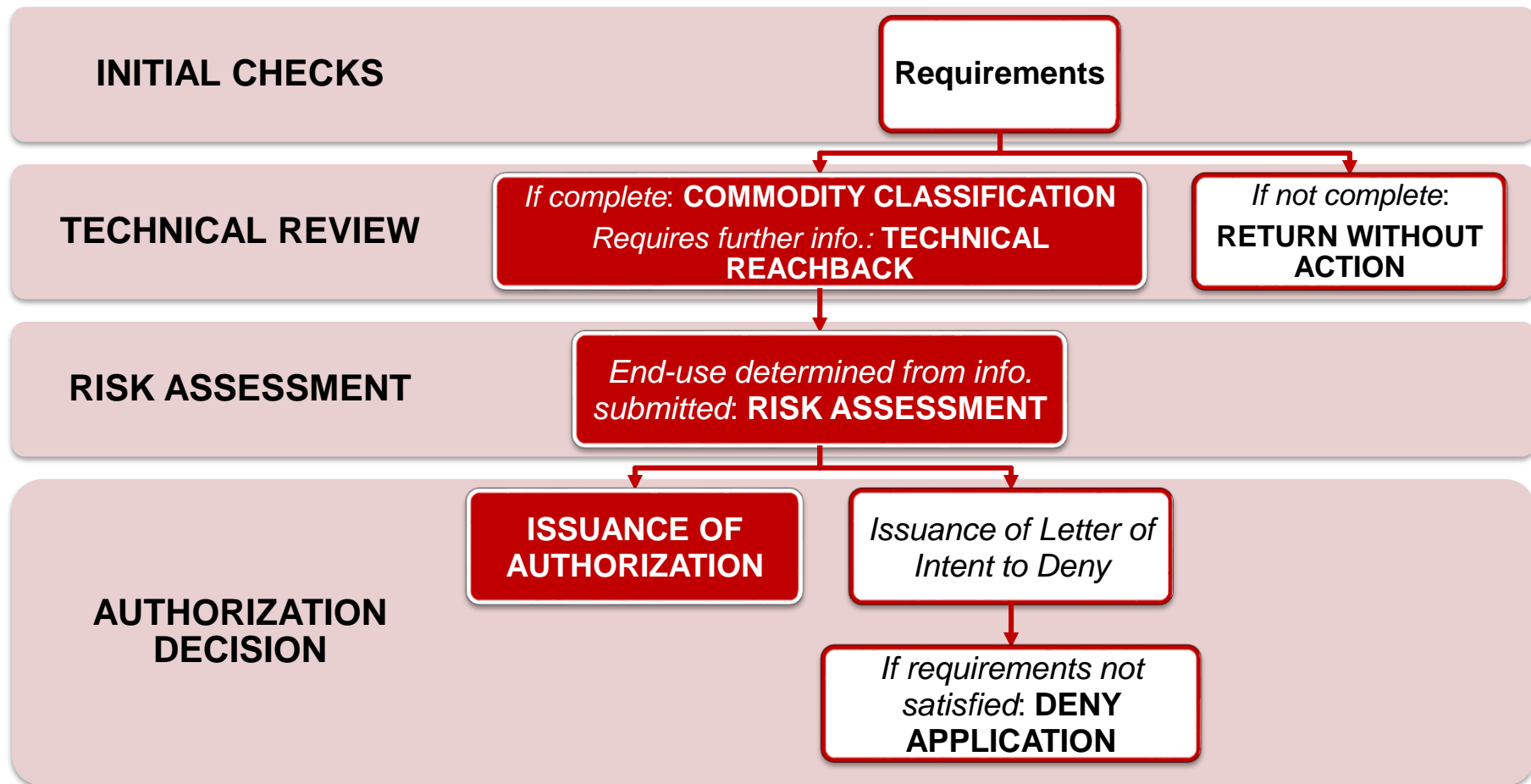
**Recordkeeping**

**Reporting and  
Corrective  
Action**

**Technology  
Control Plan, if  
applicable**



# Authorization Procedure





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# Proposed STMO Website Content

## **BRIEF INTRODUCTION TO THE STMA**

About the NSC-  
STMCom and the  
STMO

Scope and  
Coverage of the  
Law

## **NATIONAL STRATEGIC GOODS LIST**

Composition of the  
NSGL

**Commodity  
Classification  
Guidelines**

Catch-all Controls

## **REGISTRATION**

Who needs to  
register

Registration  
application form

**Registration  
Guidelines**



# Proposed STMO Website Content

## **LICENSING/ AUTHORIZATION**

**Authorization  
Guidelines**

**ICP Set-up  
Guidelines**

Application Forms and  
how to fill-up

License Application  
Review Process

End-use/r  
Documentation

## **ENFORCEMENT**

**Penalty Guidelines**

Compliance guidance on  
countries, entities,  
products, “red flag” lists,  
and advice to “know  
your customer”

Information on  
compliance and audit  
visits

## **OTHERS**

Transaction specific  
guidelines, i.e. ITT,  
brokering, financing

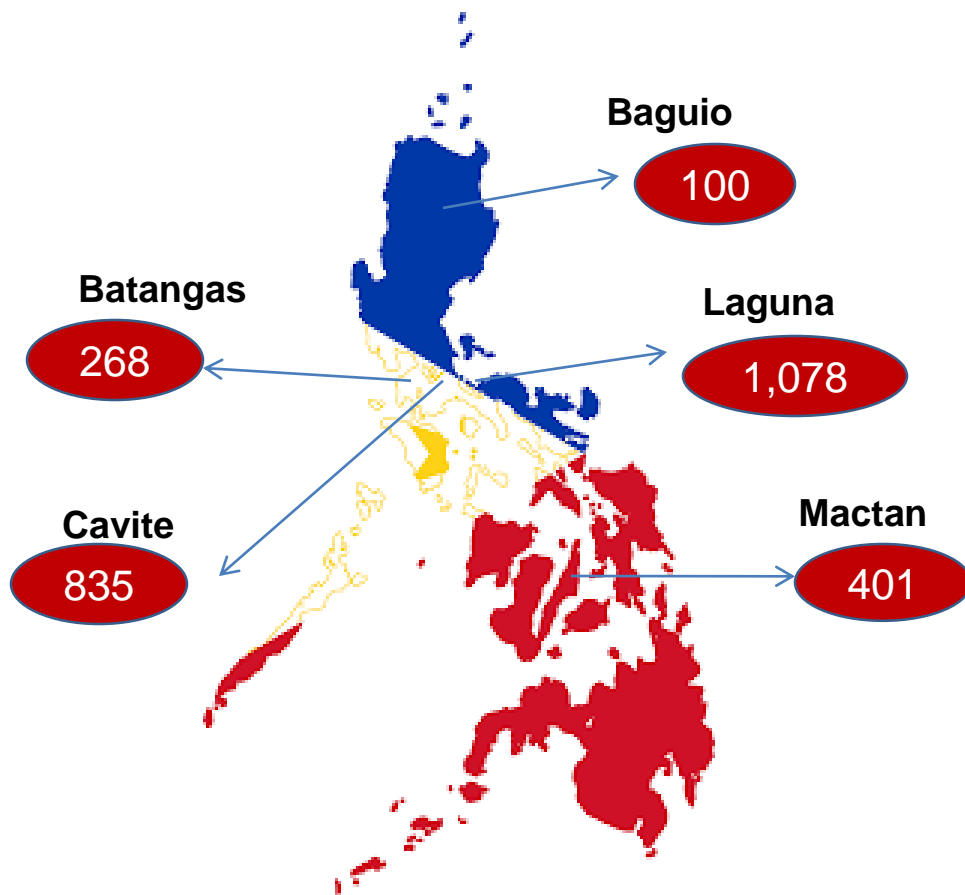
FAQs and  
Publications

Resource Links and  
Contact Details





# Enterprise Outreach Plan





# Technical Advisory Committee

- **Feedback forum for the industry** where the STMO would seek advice on **emerging technologies and the compatibility of STMO policies with industry's business process.**
- Composed of members from key companies, industry associations, and academe.





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# Administrative Penalties

- ❑ **Warning** or Orders for Corrective Action
- ❑ **Limitation, revocation or annulment** of any authorization and/or registration
- ❑ **Fines** of up to Php 250,000.00 or twice the value of the strategic good or related service under the contract, whichever is higher, or as assessed by the STMO
- ❑ **Cancellation or suspension of the registration and authorization** to operate of the juridical entity with SEC/ DTI



# Criminal Penalties

- ❑ **Deliberate and Willful Intent to Commit Violations of the STMA:** 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)
  
- ❑ **Attempt to Commit Violations of the STMA and other acts:** 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)



**Thank you for your attention.  
Questions?**