



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

STRATEGIC TRADE CONTROLS AND REGULATIONS IN MALAYSIA: UPDATES

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MALAYSIA***

**JOINT INDUSTRY OUTREACH SEMINAR
SINGAPORE**

**14 OCTOBER 2019
MONDAY**

'Driving Transformation, Powering Growth'

"Facilitating Trade in a Secure Trading Environment."



PRESENTATION OUTLINE

- Overview

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- The Team

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- Improvement Measures



THE COMMITMENT: STA 2010



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United Nations
Security Council
Resolution 1540

- UNSCR 1540 – OP3(d) requires all States to:

“take and enforce effective measures to establish domestic controls to prevent the proliferation of nuclear, chemical, or biological weapons and their means of delivery, including by establishing appropriate controls over related materials and to this end shall: establish, develop, review and maintain appropriate effective national export and trans-shipment controls over such items, including appropriate laws and regulations to control export, transit, trans-shipment and re-export.....”

As the UN Member State Malaysia is bound by Article 25 and 48 of the UN Charter to comply with and implement these obligations.



HOW STA 2010 STARTED



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United Nations
Security Council
Resolution 1540

INTERNATIONAL LEVEL

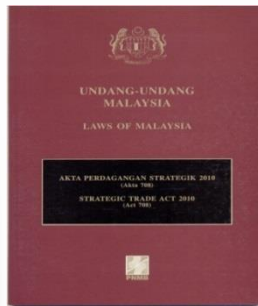
United Nation Security
Council Resolution (UNSCR)
1540

DOMESTIC LEVEL

Malaysia
Strategic Trade Act (STA) 2010

MINISTERIAL LEVEL

Strategic Trade Secretariat (STS),
Ministry of International Trade and
Industry (MITI)



MITI
MALAYSIA



THE TEAM



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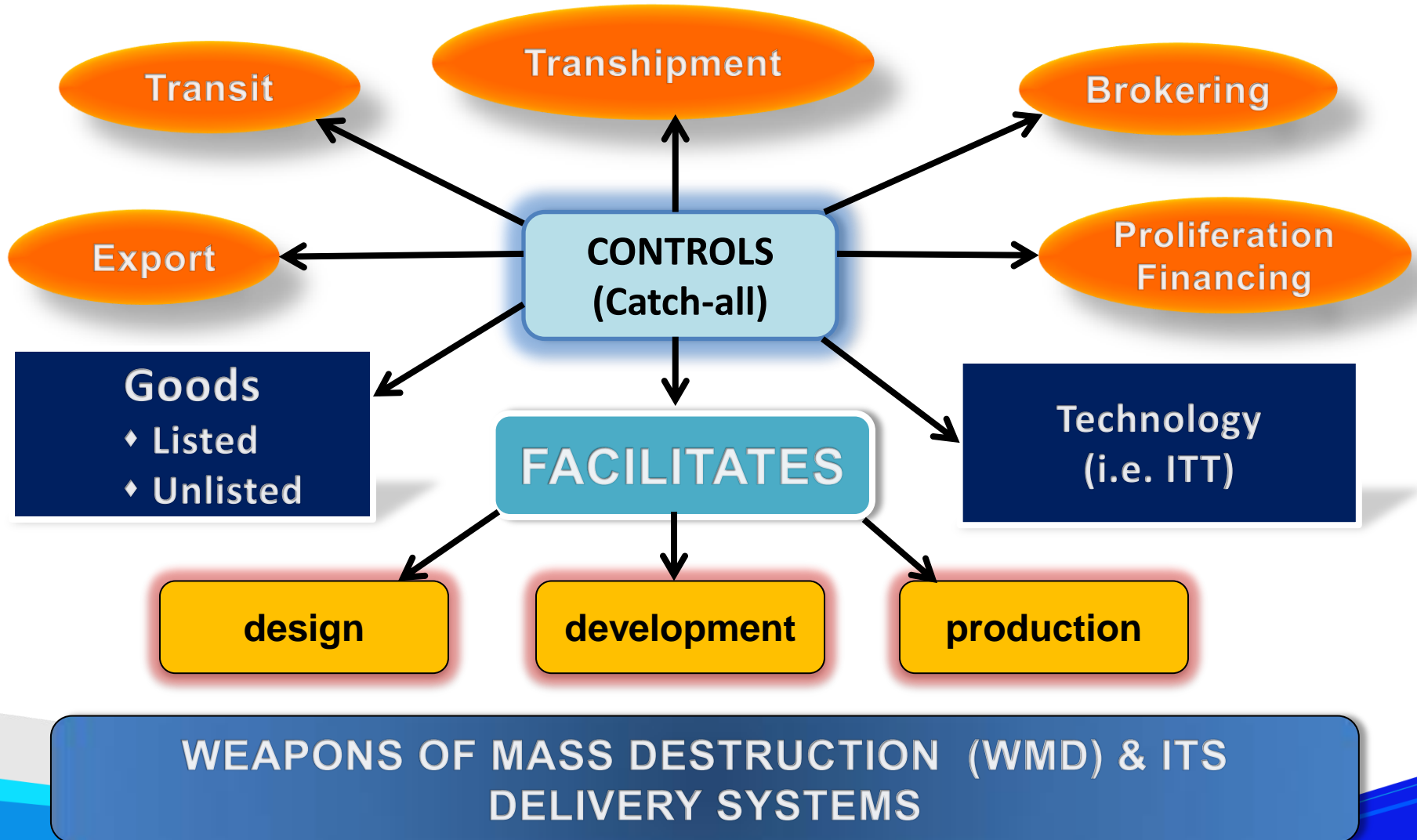
Partner Licensing Agencies

	
Pharmaceutical Services Division	
	
Malaysian Communications and Multimedia Commission	
	
AELB ATOMIC ENERGY LICENSING BOARD	

Enforcement Agencies

		
Royal Malaysian Customs	Royal Malaysia Police	ATOMIC ENERGY LICENSING BOARD
		
Malaysian Maritime Enforcement Agency	Malaysian Communications and Multimedia Commission	Suruhanjaya Sekuriti Securities Commission Malaysia
		
		Labuan FSA Financial Services Authority

WHAT STA 2010 GOVERNS?



MALAYSIA'S STC UPDATES



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Current & Future Efforts

1

Legal Review

The Strategic Trade Act 2010 and Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010) and was amended to strengthen export control implementation and keep up with the dynamic and complex environment



2

Targeted Financial Sanctions (TFS) Relating to Proliferation

The UNSC has imposed certain measures relating to prevention, suppression and disruption of proliferation of weapons of mass destruction (WMD) and its finance. One of these measures is targeted financial sanctions related to proliferation.



3

Intangible Technology Transfer (ITT) Guideline

To ensure that control is exercised over ITT for dual-use and weapons technology as guidance. Currently, Malaysia aggressively conduct outreach to industry and engaging research institution.



4

Internal Compliance Programme (ICP) Enhancement

Malaysia is planning to enhance the elements and criteria under the current ICP procedure. This is to ensure company complies with the Strategic Trade Act 2010 and associated Regulations.



MITI

Auto-adoption of Restricted List

- **Strategic Trade (Restricted End-Users and Prohibited End-Users) (Amendment) Order 2016** is being implemented via automatic adoption by the creation of direct link to the official website of UN.
- Malaysia's list is amended in real-time according to the Lists of the designated individuals and entities established, maintained and updated pursuant to the United Nations Security Council Resolutions (UNSCRs) 1718 (2006) and 2231(2015) against the Democratic People's Republic of Korea (DPRK) and Islamic Republic of Iran (Iran) respectively.

Compounding Penalty Regulation

- Malaysia is at the stage of finalising the compounding penalty regulations.
- Engagement with stakeholders is currently being undertaken. Public consultation will be done via Unified Public Consultation (UPC) Portal.
- The implementation is targeted to take into effect by 1st quarter next year.

Export of Strategic Item

- For exports to Restricted End Users Country List – **Special Permit** is required. Applications will also be heavily scrutinised and one-on-one consultation will also be conducted.
- **NO permit** will be issued for exports of Strategic Items to Prohibited End Users List i.e [UN 1718 List](#) – DPRK.
- Embargoed and no exception for transit of Strategic Items to DPRK.

IMPROVEMENT MEASURES



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Targeted Financial Sanctions (TFS) Relating to Proliferation

- Issuance of Directive of Implementation TFS/PF on April 2018.
- Engagement/outreach to the relevant stakeholders (Bank Negara Malaysia, Securities Commission and Labuan Offshore Financial Services Authority) is ongoing.
- Malaysia was upgraded to compliant status from the former partially compliant status at the FATF Plenary Meeting that was held in France on October 2018.

Improvements of SOP

- Enhancements of current SOP for licensing work process and creation of new SOP for enforcement, information/intelligence and investigation handling to provide uniformity and consistency among the relevant agencies.
- Guidance for screening process and identifying Red Flag indicators are being included in the SOP as well as list of websites for reference during licensing process.

ICP Enhancement

- An ICP is a prerequisite for Malaysian enterprises that wish to avail themselves of bulk and multiple-use permits under the STA.
- The revised ICP will be introduced on 17 October 2019.
- New elements included transaction screening, corrective action and ITT.



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Thank You

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