



# ***THE STRATEGIC TRADE ACT (STA) 2010***

***“Facilitating Trade in a Secure  
Trading Environment.”***

**FAIZAL MOHD YUSOF  
STRATEGIC TRADE CONTROLLER**

***Strategic Trade Secretariat,  
Ministry of International Trade & Industry (MITI)***

# HOW STA 2010 Started



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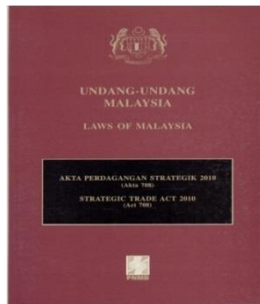


United Nations  
Security Council  
Resolution 1540

## 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)

- 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.....”



# Ministry of International Trade and Industry

- focal point for STA 2010, custodian of Law
- responsible for overall strategic trade management
- maintains online system,

## Strategic Trade Secretariat

- licensing, issues policy, guidelines, SOP, conducts outreach, ICP approval,
- Leads audit and interdiction teams

### PARTNER LICENSING AGENCIES

### ENFORCEMENT

- licensing on behalf of Secretariat for items related to expertise

- abide by guidelines, SOPs, KPIs issued by Secretariat

- has full authority over items not covered under STA



Poison



Telecommunications & Electronics



Nuclear related items / Materials



- AELB
- PSD
- BNM
- SC
- LFSA

### OTHERS

- all cases referred to Secretariat

- no unilateral actions

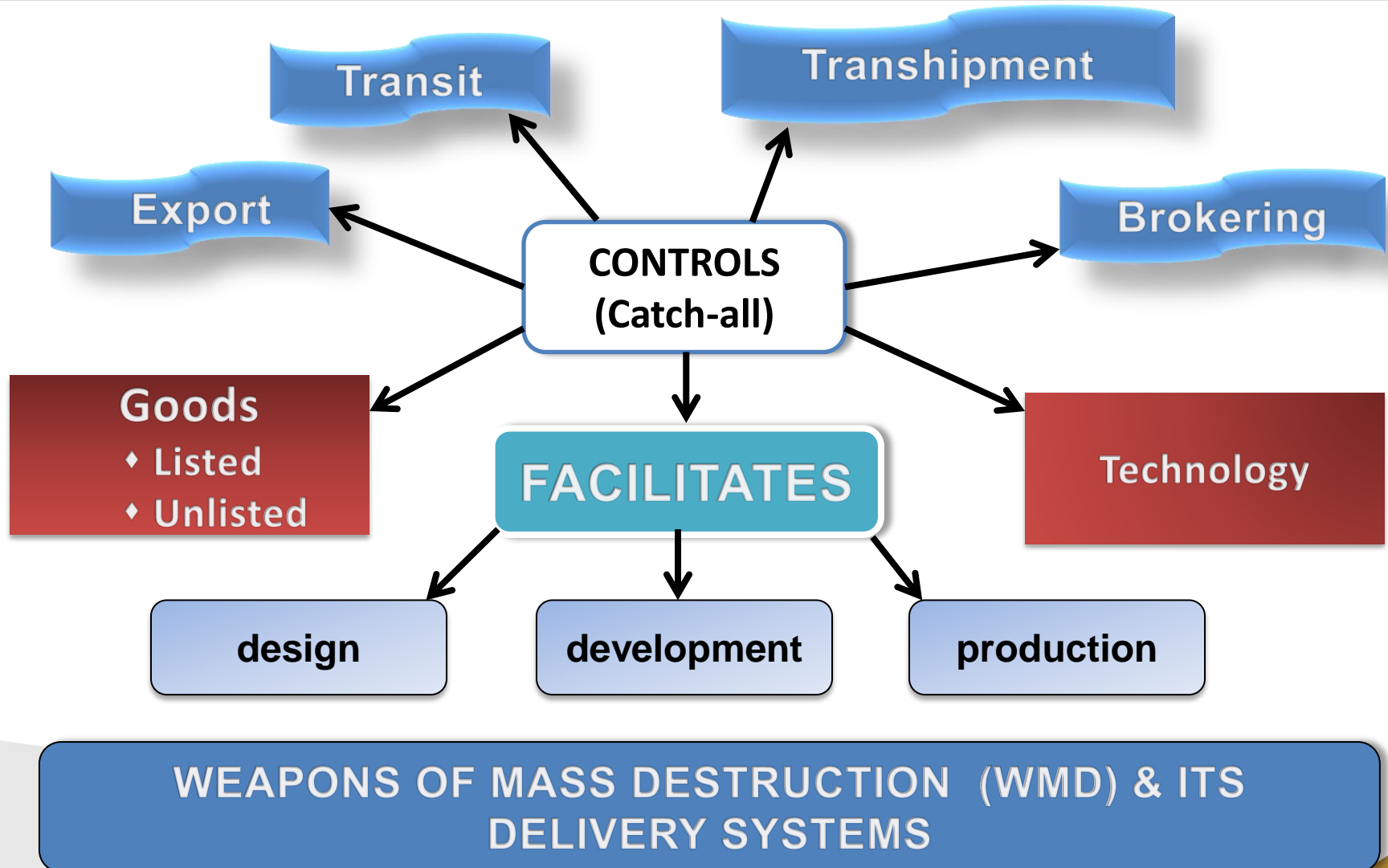
- final decision on the strategic nature of item is made by the Secretariat

- Criminal cases investigated by police after a police report is made

Other than for dual-use items (materials, aerospace, marine etc), the Secretariat also issues STA permits on behalf of agencies responsible for CWC and other chemicals, biological agents, pesticides, pathogens (human & animal) etc.



# WHAT STA 2010 Governs?



# Classification of STA 2010 Items

## Listed

- A. Military
- B. Dual-Use
- 0) Nuclear Materials, Facilities & Equipment
  - 1) Materials, Chemicals, Microorganisms and Toxins
  - 2) Material Processing
  - 3) Electronics
  - 4) Computers
  - 5) Telecommunications and Information Security
  - 6) Sensors and Lasers
  - 7) Navigations & Avionics
  - 8) Marine
  - 9) Propulsion Systems, Space Vehicles & Related Equipment



## STRATEGIC ITEMS



## Unlisted

If a person is informed by the relevant authority;  
OR  
If a person knows/has reason to believe that the item will or may be used for a restricted activity




# Strategic Items List




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) [www.miti.gov.my/index.php/pages/view/sta?mid=105](http://www.miti.gov.my/index.php/pages/view/sta?mid=105)

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MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY**

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 **ABOUT MITI** **PROMOTING TRADE** **TRANSFORMING INDUSTRY** **EVENTS** **OUR SERVICES**

**OUR SERVICES**

**APPROVED PERMIT**

**PREFERENTIAL CERTIFICATE OF ORIGIN (PCO)**

**NON-PREFERENTIAL CERTIFICATE OF ORIGIN (NPCO)**

**BUMIPUTERA SPECIAL SHARE**

**STRATEGIC TRADE ACT 2010**

**GUIDELINES**

**STRATEGIC TRADE ACT (STA) 2010**

**ABOUT** **MY FIRST STA APPLICATION** **POST-SHIPMENT** **OUR ENGAGEMENTS** **RESOURCES** **FAQ** **CONTACT US**

**Guidelines**

**Strategic Items Under The STA 2010**

Restricted & Prohibited End User List

STA Pre-Registration Guide

STA Permit Application Guide

Internal Compliance Program (ICP) Guide

Internal Compliance Program (ICP) Checklist

Digital Certificate Token Activation Guide

**Circular**

**Slide Presentations**

**Articles**

**Links**

ePermit STA New Registration

ePermit STA Application

**Forms**

**References**

What are strategic items?

Examples of strategic items

How to classify?

**Useful Links**

Other countries' export control authorities

ePermit STA Application

Partner Licensing Agencies

# Strategic Items List



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Category Code	Items Description	Note	Relevant Authority
3A201	Electronic components, other than those specified in 3A001, as follows:  a. Capacitors having either of the following sets of characteristics:  1. a. Voltage rating greater than 1.4 kV;  b. Energy storage greater than 10 J;  c. Capacitance greater than 0.5 $\mu$ F; and  d. Series inductance less than 50 nH; or  2. a. Voltage rating greater than 750 V;  b. Capacitance greater than 0.25 $\mu$ F; and  c. Series inductance less than 10 nH;  b. Superconducting solenoidal electromagnets having all of the following characteristics:  1. Capable of creating magnetic fields greater than 2 T;  2. A ratio of length to inner diameter greater than 2;  3. Inner diameter greater than 300 mm; and  4. Magnetic field uniform to better than 1 % over the central 50 % of the inner volume;		Controller
		<u>Note:</u> 3A201.b. does not control magnets specially designed for and exported 'as parts of medical nuclear magnetic resonance (NMR) imaging systems. The phrase 'as part of' does not necessarily mean physical part in the same shipment; separate shipments from different sources are allowed, provided the related export documents clearly specify that the shipments are dispatched 'as part of the imaging systems.	Controller

# Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010



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## Restricted End User

- Based on country of final destination
- Adopted from UNSC Resolution
- Requires special permit for export of strategic item



## Prohibited End User

- List of individuals & entities prohibited from export of strategic items
- Automatic adoption from UNSC Resolution (20 June 2016)
- UNSCR 1718 (2006) Democratic People's Republic of Korea (DPRK)
- UNSCR 2231(2015) against the Islamic Republic of Iran (Iran)



## UN Sanctions List Materials

<https://www.un.org/sc/suborg/en/sanctions/1718/materials>

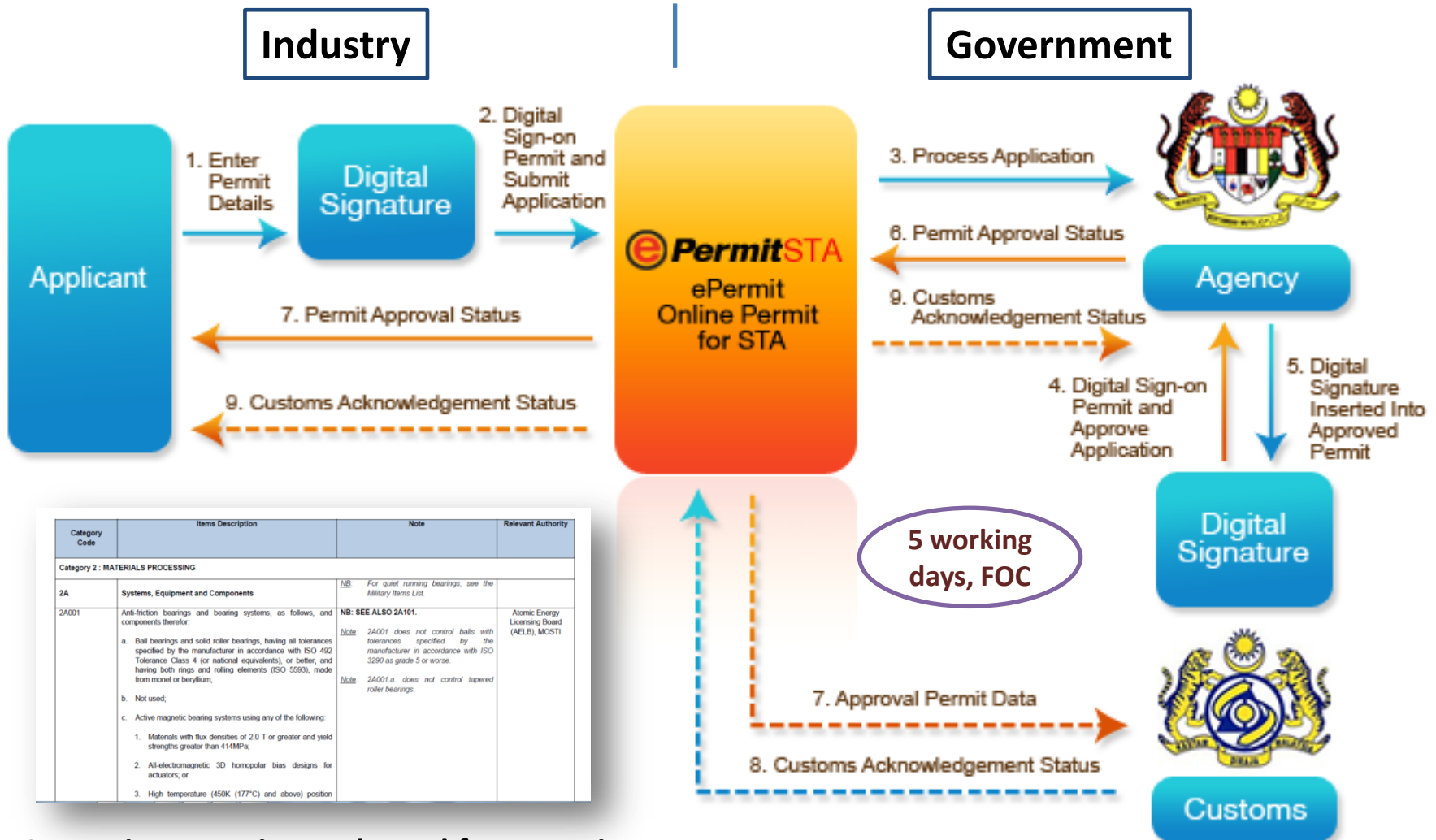
<http://www.un.org/en/sc/2231/list.shtml>



# Industry – Government Online Communication



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**Strategic Items List – Adopted from EU List**



## ***What do I need to do to comply?***

- 1 Check if your item is strategic**
- 2 If your item is strategic, identify the agency you need to deal with**
- 3 Get your company registered with DagangNet Technologies to enable application**
- 4 Complete the online pre-registration and permit application**
- 5 Customs Declaration**
- 6 Delivery Verification Statement**
- 7 Record Keeping**

Via list on our website, in-house technical expert  
- Email the technical specs to [admin.sts@miti.gov.my](mailto:admin.sts@miti.gov.my)

4 Licensing agencies under STA : MITI, PSD, MCMC or AELB

Get the token from DagangNet for your authorised applicant.

Pre-register the details of your products / services and your customer/end-user, ensure your customer completes the end-use statement.

Make sure freight forwarder aware that your item is strategic & declared.

Proof of Delivery (POD) to be submitted to the licensing agency within 2 month of the date of export - single & special permit.

Min is 6 years

# LATEST STATUS OF THE AMENDMENTS TO THE STRATEGIC TRADE ACT 2010

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The process of STA 2010 review has started since 2013 based on the feedback from Government agencies, industry player and associations.

# The Timeline

- STA Review has undergone GRP-RIA from **April 2014 until June 2015** ①
  - **June 2015 – September 2016** inter-agency coordination and working on the draft text ③
  - **16 – 27 January 2017** - Memo Jemaah Menteri (MJM) to be circulated to the relevant ministries and agencies ⑤
  - **10 Feb /16 Feb 2017 –** Presentation to the Cabinet Meeting & Approval from the Cabinet ⑦
  - Currently awaiting for the royal assent. ⑨
- 
- **April 2014 –** STA Review endorsed by MITI's management ②
  - Strategic Trade (Amendment) Bill was approved by AGC in **September 2016** ④
  - **23 January 2017** -Presentation on STA Amendments to the relevant ministries and agencies ⑥
  - **4 & 27 April 2017 –** STA Bill was approved by Dewan Rakyat and Dewan Negara. ⑧

# The Amendments



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## 1. Reduction of penalties and introduction of compounding of offences.

Related Sections	
Section 9, 10, 18, 21, 23, 24, 33, 40 and introduction of new section, 50A.	<ul style="list-style-type: none"><li>▪ In the spirit of facilitating trade in a dynamic changing business environment, the amount of penalties (fine or imprisonment) for the offences committed under Act 708 has been amended from the <u>minimum penalties to the maximum penalties</u></li><li>▪ It is also <u>in line</u> with <u>international practice</u> and other export control laws which makes Malaysia more competent and may increase FDI into the country.</li></ul>

## 2. The exclusion of ancillary services from the registration of broker

Related Sections	
Section 11, 19	<ul style="list-style-type: none"><li>▪ The <u>current</u> definition of 'brokering' is <u>too vague</u>. The amendments provide more <u>specific definition</u> with exclusion of the sole provision of ancillary services such as transportation, financial services, insurance or general advertising.</li></ul>





# The Amendments

## 3. Waiver of the requirement of providing end-user statement

Related Sections	
Section 14	<ul style="list-style-type: none"><li>▪ The new subsection 14(2A) is introduced to empower the relevant Authority to allow for an application made under subsection 14(1) for a permit or special permit referred to in section 9 not to be accompanied by an end-use statement (“EUS”).</li></ul>

## 4. Introduction of new section

Related Sections	
Section 12A, 25A, 50A	<ul style="list-style-type: none"><li>▪ The introduction of Section 12A will <u>strengthen</u> the enforcement as the section stated the specific occurrences which raise a presumption of export of goods out of Malaysia.</li><li>▪ Section 25A is specifying the authorized officers that may exercise powers of STA enforcement thus strengthen the investigation and enforcement.</li><li>▪ Section 50A is the introduction of compounding offences.</li></ul>

# The Amendments



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## 5. Improvement of Enforcement Procedures

Related Sections	
Section 41, 45	<ul style="list-style-type: none"><li>■ Section 41 - The disposal of the investigated items will be done in a more effective manner.</li><li>■ Section 45 will <u>prohibit</u> any person from claiming the costs or damages arising from the seizure of any items.</li></ul>

# STA Client's Day

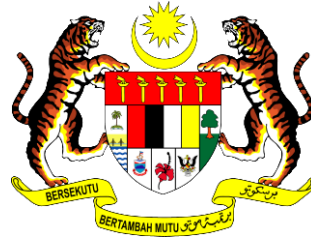


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## Strategic Trade Secretariat (STS) Client's Day 2017

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)



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# Thank you



Menara MITI

No. 7, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur, Malaysia

Tel: 603-8000 8000 | Fax: 603-6201 2337 | Email: [webmiti@miti.gov.my](mailto:webmiti@miti.gov.my) | Website: [www.miti.gov.my](http://www.miti.gov.my)