



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

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# ***STRATEGIC TRADE (COMPOUNDING OF OFFENCES) REGULATIONS 2020***

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**RIDZUAN ALIAS | ICP ENHANCEMENT OUTREACH  
30 OCTOBER 2019 | ROYAL CHULAN, PENANG**



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

# ***COMPOUNDING OF OFFENCES REGULATIONS***

Background

STA Amendment:  
Compounding of Offences

Public Consultation



**MITI**  
MALAYSIA





MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

# COMPOUNDING OF OFFENCES REGULATIONS

Background

STA Amendments

Dialogue Session

**7** years after the implementation

**REVIEW**

Good Regulatory Practice –  
Regulatory Impact Analysis  
(GRP-RIA)

**STA  
(AMENDMENT)  
2017**





MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

## COMPOUNDING OF OFFENCES REGULATIONS

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**KEY  
ELEMENTS**

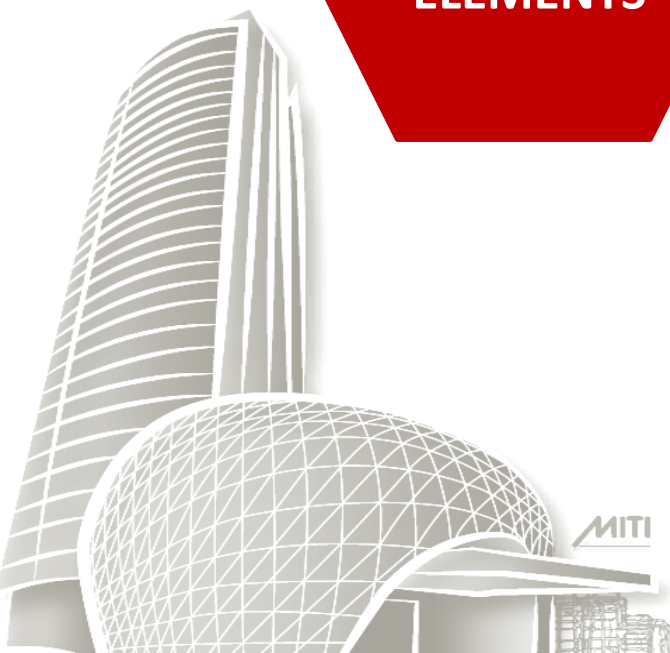
Brokering

Authorized  
officers

**Compounding  
of  
offences**

EUS  
Flexibility

Presumption  
of export





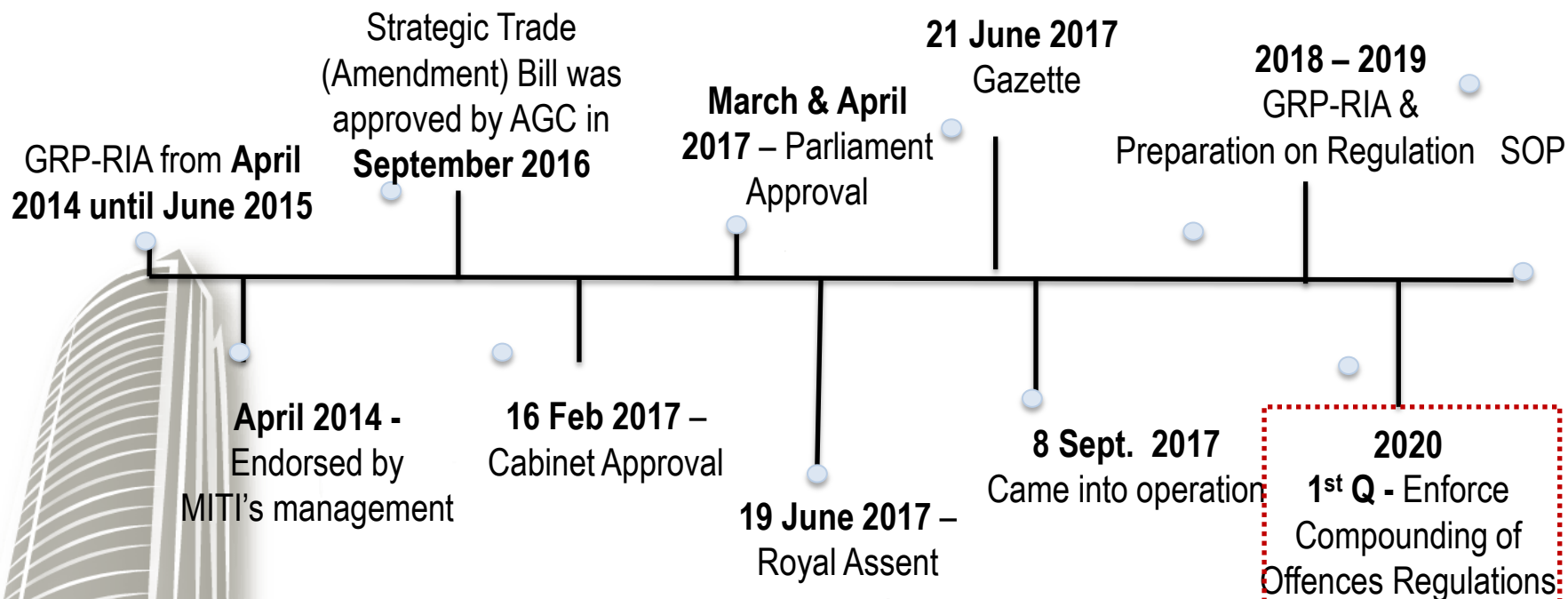
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

## COMPOUNDING OF OFFENCES REGULATIONS

Background

STA Amendments

Dialogue Session



As at **1 Sept. 2019** **21,025** permits issued

**601** companies registered

MITI



## COMPOUNDING OF OFFENCES REGULATIONS

### Background

### STA Amendments

### Dialogue Session

WITH INTENT

#### Resulting in **DEATH**:

- death sentence; or
- Imprisonment: natural life
- (body corporate:  $\leq$  RM 30 million)

#### OTHER CASE:

- Imprisonment:  $\leq$  10 years; or
- Fine:  $\leq$  RM10 million; or both (body corporate:  $\leq$  RM20 million)

ARMS  
&  
RELATED  
MATERIALS

- Imprisonment:  $\leq$  5 years; or
- Fine:  $\leq$  RM5 million; or both
- (body corporate:  $\leq$  RM10 million)

WITHOUT  
INTENT

**PENALTY**

#### OTHER CASE:

- Imprisonment:  $\leq$  10 years; or
- Fine:  $\leq$  RM10 million; or both (body corporate:  $\leq$  RM20 million)

LISTED &  
UNLISTED  
ITEMS

- Imprisonment:  $\leq$  5 years; or
- Fine:  $\leq$  RM5 million; or both
- (body corporate:  $\leq$  RM10 million)





## COMPOUNDING OF OFFENCES REGULATIONS

Opening Remarks

STA Amendment:  
Compounding of Offences

Dialogue Session

- the penalty (fine and imprisonment) prescribed for the offences committed under STA Amendment 2017 has been amended. The previously minimum penalty is now being prescribed as the maximum.
- **compounding of offences** is introduced.
- **more in line** with **international practice** and other export control laws which makes Malaysia more competent and may increase FDI into the country.
- reducing the time and costs of prosecuting the offences in court.

### Related Sections

- 9, 10, 18, 21, 23, 24, 33, and 40 and the introduction of a new section, 50A.



## COMPOUNDING OF OFFENCES REGULATIONS

Opening Remarks

STA Amendment:  
Compounding of Offences

Dialogue Session

### “Compounding of offences

**50A.** (1) The Minister may, with the approval of the Public Prosecutor, make regulations prescribing—

- (a) any offence under this Act and any regulations made under the Act that may be compounded;
- (b) the criteria for compounding such offence; and
- (c) the method and procedure for compounding such offence.

(2) The authorized officer may, with the consent in writing of the Public Prosecutor, compound any offence committed by any person under this Act and prescribed to be a compoundable offence by making a written offer to the person suspected to have committed the offence to compound the offence upon payment to the authorized officer of an amount of money not exceeding fifty per centum of the amount of maximum fine for that offence within such time as may be specified in his written offer.





## COMPOUNDING OF OFFENCES REGULATIONS

Opening Remarks

Dialogue Session

Public Consultation

### OBJECTIVES

Strengthening the enforcement activity

Effective implementation of STA 2010

Increase trade compliance

Enhance business confidence in Government

Cost and time saving in the enforcement of STA





# COMPOUNDING OF OFFENCES REGULATIONS

Opening Remarks

Dialogue Session

Public Consultation

COMMUNICATION  
PLAN

Awareness program, Town hall session, sharing of updates in Outreach Programme and Client's Day

**IMPLEMENTATION PLAN**  
Strategic Trade  
(Compounding of  
Offences) Regulations  
2020

ENFORCEMENT PLAN

STA Audit Evaluation, Document Checking (Declarations) at the point of Export and Free Commercial Zones

MONITORING &  
INSPECTION PLAN

Offender will be monitored (under watch list) and the effectiveness of the implementation will be reviewed in 5 years



## COMPOUNDING OF OFFENCES REGULATIONS

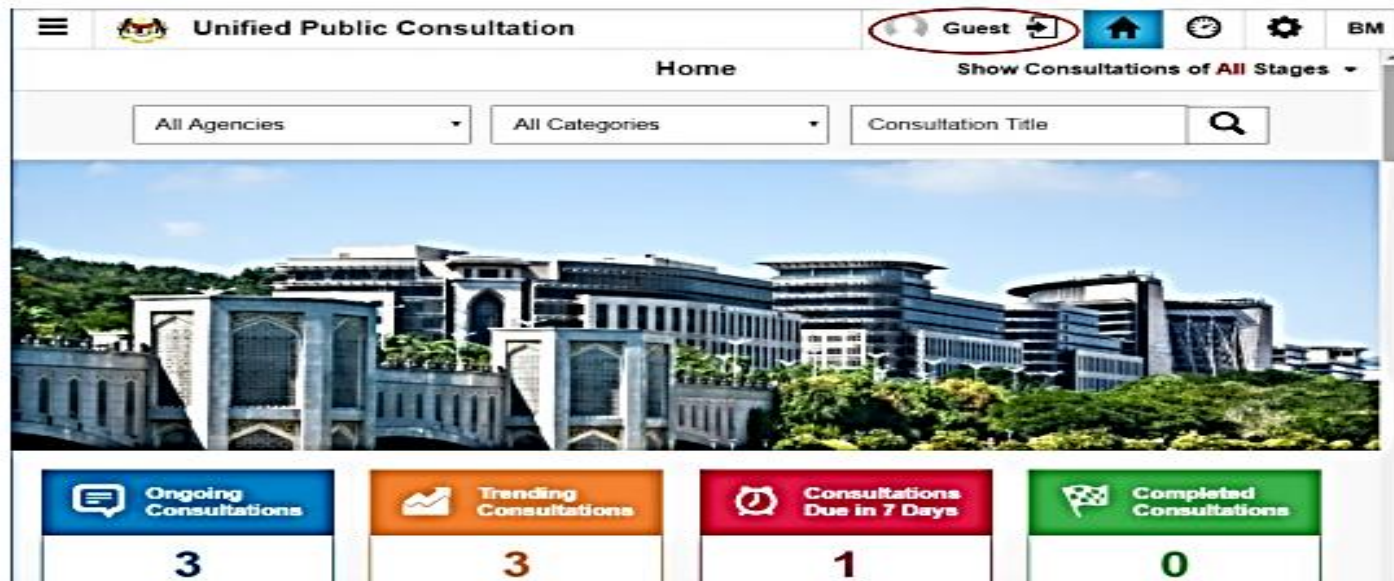
Opening Remarks

Dialogue Session

Public Consultation

Online via Unified Public Consultation - <http://upc.mpc.gov.my>

To begin feedback to the agency, the user must register an account. The user can register by clicking on 'Guest' in the 'Home' page.





## COMPOUNDING OF OFFENCES REGULATIONS

Opening Remarks

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Public Consultation

<http://upc.mpc.gov.my>

Then click on 'Sign Up' in the 'Login' page.

The screenshot shows a login form with the following elements: a 'User Name' text box, a 'Password' text box, a 'User Role' dropdown menu, a 'Remember Me' checkbox, a 'Login' button, a 'Sign Up' button (highlighted with a red oval), a 'Login with Facebook' button, a 'Login with Google' button, and a 'Forgot Password' link.

It will then redirect user to the simple 'Sign Up' page. Fill in all the required details and click on 'Sign Up'.





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<http://upc.mpc.gov.my>

Unified Public Consultation

Strategic Trade (Compounding of Offences) Regulations 2019

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- Affected Stakeholder
- Consultation Documents
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- Contact

### Consultation Information

Ministry/Agency	Ministry of International Trade and Industry
Consultation Period	21/10/2019 - 20/11/2019 (Due in 28 days)
Consultation Stage	Forum
Category	Administration / Services / Development

### Purpose of the Consultation

The proposed regulation aims to strengthen enforcement action and it encourages trade compliance. Industries particularly in cases where offences are committed without intent may be imposed with monetary penalties assessed and imposed by a regulator without recourse to a court. It is an effective tool to bring the company back into compliance and to deter future non-compliance.

The current heavy penalties will severely tarnish the reputation and goodwill even for minor and unintentional offences. This may force the company to close their operations and in the long term, lead to related social as well as economic issues such as unemployment and lower GDP growth. Therefore, by introducing the proposed regulation, unintentional offences committed by Malaysian exporters will be dealt objectively





## MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

# Thank You

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