

**Questions and Answers Concerning  
the Import and Export (Strategic Commodities) Regulations  
(Amendment of Schedule 1) Order 2004**

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**General**

- Q1. Why is it necessary to amend the Import and Export (Strategic Commodities) Regulations?
- A1. *International non-proliferation control regimes including the Wassenaar Arrangement, Missile Technology Control Regime, Australia Group and Nuclear Suppliers Group have earlier revised their control lists. In order to have Hong Kong's control list followed those under the international control regimes, it is necessary for us to amend the Import and Export (Strategic Commodities) Regulations which govern the control over strategic commodities in Hong Kong.*
- Q2. What are the major changes involved in this amendment exercise?
- A2. *Of the various changes involved, the most significant ones should be (i) the removal of control on general purpose microprocessors (including CPUs); graphic accelerators and graphic coprocessors used in digital computers; and (ii) the relaxation of control threshold of digital computers from 28,000 to 190,000 million theoretical operations per second (Mtops).*
- Q3. How will the changes affect us in licence application requirements and procedures?
- A3. *Items that are decontrolled after the amendment will not need a licence for import and export. On the other hand, items newly subject to control will hereafter be subject to licensing requirements.*
- Q4. Why is it necessary for Hong Kong to follow the control standards adopted by international control regimes?
- A4. *Hong Kong needs to maintain the highest international standards in controlling trade in strategic commodities. Such controls are essential in maintaining the confidence of our trading partners in our system so that we may have continued access to the advanced technologies we need to sustain our economic development.*
- Q5. After the amendment, will there be any change in the information required on licence applications and the supporting documentary requirements for import and export of microprocessors (including CPUs) and computers?

- A5. *Other than the relaxation of the control threshold, there is basically no change to the information to be declared in licence applications and the supporting document required. In general, all licence applications covering computers need to contain information on the end-user and the end-use and to be submitted with a duly completed end-user statement. To complement the control requirements of the countries/places from which the goods originate, we may need licence applicants to confirm and provide supporting document to prove that the exports concerned are authorised by the originating countries/places.*
- Q6. How do I know whether a product is subject to licensing control after the amendment?
- A6. *If you are, after reading Schedule 1 to the Import and Export (Strategic Commodities) Regulations, unable to tell whether a particular product is subject to licensing control, you may submit a pre-classification application together with details of the technical specifications of the product to our Customer Service Counter in Room 516B, 5/F of Trade and Industry Department. Usually, a reply on whether the goods are controlled will be available in two clear working days. For details of the pre-classification service, please refer to Strategic Trade Control Circular No. 5/04 dated 8 April 2004.*
- Q7. I know that the goods are decontrolled but if the carrier may not know and may request that I provide a licence to cover the shipment. What can I do?
- A7. *You may make use of the pre-classification service. For items confirmed to be non-strategic goods, the pre-classification results will indicate that no import /export licence is required if the items are not for a use in relation to nuclear, biological or chemical weapons or missile capable of delivering these weapons. The results can serve as a proof that the goods are not subject to control.*

**General purpose microprocessors, graphics accelerators and graphic coprocessors**

- Q.8 What types of general purpose microprocessors are decontrolled in the amendment?
- A.8 *Microprocessors, including CPUs, are considered as general purpose if these devices meet the following conditions:*
- (a) they are not designed or rated as radiation hardened to withstand controlling thresholds;*
  - (b) they are not rated to operate within extreme temperature ranges, ie >125 °C, <-55 °C or over the entire range from -55 °C to 125 °C;*
  - (c) they are not manufactured from a compound semiconductor with a clock frequency operates above 40 MHz; and*
  - (d) they are not designed to have more than one data bus for external interconnection between parallel microprocessors with a transfer rate > 150 Mbytes/s.*

*As noted above, the amendment has removed the control on CTP figures of microprocessors such that all microprocessors that meet the above conditions are*

*not controlled anymore. It should be noted that some microprocessors (e.g. AMD Opteron and AMD Athlon 64 microprocessors) that employ HyperTransport technology to provide multiple external interconnections with transfer rate > 150 Mbytes are still subject to control.*

Q.9 What is the control on graphic accelerators and graphic coprocessors?

A.9 *Previously, the controlling parameter is three dimensional vector rate and its threshold is 200 millions. After the amendment, all types of graphic accelerators and graphic coprocessors have been decontrolled irrespective of figures on three dimensional vector rate.*

### **Computers**

Q10. What is the new control status of computers?

A10. *The amendment relaxes the minimum control level of Composite Theoretical Performance (CTP) of computers from the previous 28,000 Mtops to 190,000 Mtops. You can now import and export most of the computers without the need to apply for a licence.*

Q11. What are CTP and Mtops? How can I get these figures?

A11. *In general terms, CTP is a measure of the computing power of computers expressed in Million Theoretical Operations per Second (Mtops). You can obtain these figures from the computer manufacturers or dealers.*

Q12. Where can I get the information about whether or not the computer or computer-related equipment requires a licence?

A12. *You can obtain an information sheet from our Customer Service Counter showing examples of computers and computer-related equipment that normally require no licence.*

Q13. My computer has local area network (LAN) ports and wide area network (WAN) ports for connection to high-speed data communication network. Is the equipment affected by the new amendment?

A13. *The new regulations do not control data communication equipment, routers and switches. Therefore LAN and WAN equipment are excluded from the control list provided that they do not have any cryptographic functionality.*

Q14. Is there any control on computers which are specified capable of operation at extreme temperature?

A14. *Computers rated for operation at an ambient temperature below -45 °C or above 85 °C are considered as strategic commodities regardless of their CTP levels. These types of computers fall into the import and export control list.*

Q15. What are the other control parameters for digital computers?

A15. *All the parameters for control purposes are stipulated in Schedule 1 to the Import and Export (Strategic Commodities) Regulations. As general guidelines, the followings are some key features that control digital computers :*

- (1) *With cryptographic capability exceeding 56 bit DES on data for hardware or software;*
- (2) *Designed for radiation hardened;*
- (3) *Rated for operation at an ambient temperature below -45 °C or above +85 °C;*
- (4) *Designed for fault tolerance;*
- (5) *With analogue to digital conversion function; or*
- (6) *With external interconnection of digital computer or associated equipment which allows communications at data rates exceeding 1.25 Gbytes/s.*

### **Information Security**

Q16. Are there any major changes of control over encryption equipment?

A16. *No. The minimum control limit for encryption equipment remains to be 56 bits DES or 512 bits RSA. Also, regardless of the number of key-length they employ, products are decontrolled provided that they meet all the criteria set out in the Cryptography Note 3 set out under Category 5 Part II – Information Security in Schedule 1 to the Import and Export (Strategic Commodities) Regulations. Normally, the manufacturers are required to complete a cryptography questionnaire in order to ascertain the compliance of all the criteria as shown below.*

Q17. What are the criteria set out in the Cryptography Note 3?

A17. *They include :*

- (a) *Generally available to the public by being sold, without restriction, from stock at retail selling points by means of any of the following :*
  - (i) *Over-the-counter transactions;*
  - (ii) *Mail order transaction;*
  - (iii) *Electronic transactions; or*
  - (iv) *Telephone call transactions;*
- (b) *The cryptographic functionality cannot easily be changed by the user;*

- (c) *Designed for installation by the user without further substantial support by the supplier; and*
- (d) *When necessary, details of the items are accessible and will be provided, upon request, to the appropriate authority in the exporter's country/place in order to ascertain compliance with conditions described in paragraphs (a) to (c) above.*

Q18. Many of the encryption products come from the US. Will any of them be decontrolled after the amendment?

A18. *All US-originated encryption products which have been classified by the US Department of Commerce as mass market commodities are considered to have met the Cryptography Note 3. Consequently, the commonly available mass market software like Microsoft Windows, Internet Explorer, Sun Solaris etc., will not need to be licensed any more for import into/export from Hong Kong.*

Q19. If the encryption product is only used for authentication or digital signature, what is its new control status?

A19. *The regulations do not control encryption products that are used for authentication or digital signature unless they contain encryption on data or files.*

Q20. Is there any control on GSM portable set?

A20. *No. All general purpose civilian cellular radiocommunications handsets that are not capable of end to end encryption are not controlled.*

Q21. Do I need to apply for a licence in order to bring along a PC pre-loaded with encryption software overseas?

A21. *No, there is no need for you to apply for such a licence provided that the PC and the encryption software are accompanying you and for your own personal use.*

### **Other Electronic Products**

Q.22 What are the changes on the control of other common electronic products in this amendment?

A.22 Besides general purpose microprocessors, the amendment also relaxes control on other common electronic products including A/D converters, D/A converters, field programming logic devices, microwave power amplifiers, signal analysers, signal generators, network analysers and microwave test receivers. Detailed information on technical parameters may be found in the control list.

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