

Strategic Trade Control System of Hong Kong

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Hong Kong Special Administrative Region



- “One Country, Two Systems”
- Separate Customs Territory
- Autonomous Trading Entity
- Administration of Own Strategic Trade Control System

Hong Kong's Commitment

- Hong Kong complies with the highest international standards of control on strategic commodities



Policy Objectives

- Prevent Hong Kong from being used as a conduit for proliferation
- Secure continued access to high technology for maintaining Hong Kong's role as a regional centre of trade, finance, banking, logistics and telecommunications



The Four Basics

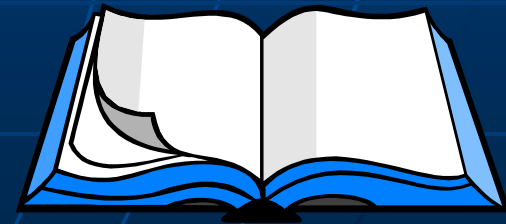
- Stringent legislation
- Comprehensive licensing control
- Vigorous enforcement
- Active participation in international cooperation

The Legal Framework

Legal Basis of Control

Import and Export Ordinance

- **No person shall import or export any strategic commodity unless with a valid licence issued by Trade and Industry Department (TID)**
- **Carriers shall retain possession of any strategic commodity until a valid import licence issued by TID has been obtained**
- **Carriers shall not accept export of any strategic commodity until a valid export licence issued by TID has been obtained**



Legal Basis of Control

**Import and
Export
Ordinance**

**Chemical
Weapons
(Convention)
Ordinance**

**Weapons of
Mass
Destruction
(Control of
Provisions of
Service)
Ordinance**

**United Nations
Sanctions
Ordinance**

Control List of Strategic Commodities



- Following the controls of international regimes
- Regular updating, through legislative amendments, to reflect changes made in regimes

Control List of Strategic Commodities

Updating and Latest Progress

- Following the categorization system of the EU Dual-use Control List
- Current control list effective in June 2010
- Continue to update the control list in 2011

The Licensing Arrangement

Comprehensive Licensing System

- Licensing control for import, export, re-export, transshipment and even articles in transit
- End-use controls on items used for WMD purposes
- Pre-shipment licensing
- Legal responsibility of carriers
- No undercutting principle

Legal Definition of Transshipment

“Transshipment cargo” means any imported article that :-

- ❑ is or to be removed from the vessel, aircraft or vehicle in which it was imported and either returned to the same vessel, aircraft or vehicle or transferred to another vessel, aircraft or vehicle before being exported
- ❑ is consigned on a through bill of lading or through air waybill from a place outside Hong Kong to another place outside Hong Kong



Legal Definition of Transit

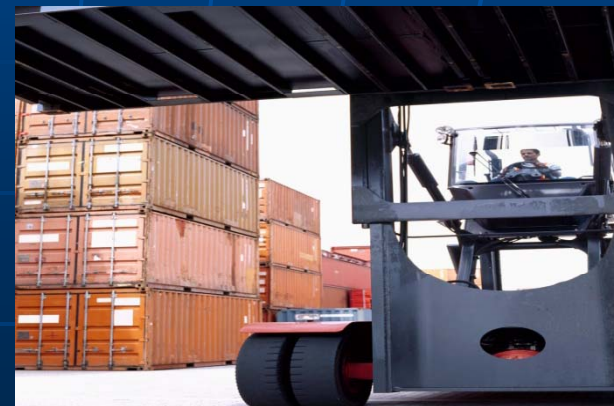
“Article in transit” means an article which :-

- ❏ is brought into Hong Kong solely for the purpose of taking it out of Hong Kong ; and
- ❏ remains at all times in / on the vessel or aircraft which brings it into Hong Kong



Licensing Control for Transshipment and Transit (1)

- Transshipment cargo and article-in-transit are regarded as separate import and export
- Transshipment: Licences are required unless otherwise exempted under law



Licensing Control for Transshipment and Transit (2)

- Article-in-transit : Licences are required for specified sensitive items (certain munitions and all nuclear-related materials and equipment)
- WMD end-use: Licences are required without exception



No Undercutting Principle

- Not to undercut the control systems of our trading partners' governments
- No re-export or transshipment through Hong Kong unless authorised by originating country
- Guarding against unauthorised diversion

Submission of Licence Applications

- Application in paper format (forms can be downloaded from our website)
- Application by electronic means (via Internet)
- Application should be submitted by local parties responsible for importing or exporting the controlled commodities (i.e. importer, exporter, freight forwarder, carriers, etc)
- Approved import and export licences are valid for 6 months and 3 months respectively

Information Requirements in Licence Applications

General

- Basic shipment/consignment particulars
- Technical specifications
- End-user and end-use

Other supporting documents may include

- Valid import/export permit issued by the importing and exporting place of the goods
- Authorization issued by technology-originating place showing explicit approval on the shipment
- End-User Statement

Enforcement



By C&ED
This Afternoon

International and Bilateral Cooperation

International / Bilateral Cooperation



Recent International/ Bilateral Cooperation Activities

- Joint Outreach Seminar with the US Department of Commerce on Electronic Products in December 2010
- The 18th Asian Export Control Seminar in Tokyo, Japan in February 2011
- Global Transshipment Seminar in Dubai, the UAE in March 2011
- The 12th International Export Control Conference in Singapore in May 2011
- Joint Industry Outreach Seminar with Japan METI in September 2011

Thank You