



STRATEGIC TRADE MANAGEMENT ACT

Overview and Updates

UNSCR 1540 (2004)

- Adopted on 28 April 2004
- Establishes **legally binding obligations** on all UN Member States
- All States shall implement measures aimed at preventing **non-State actors** from acquiring WMDs, related materials, and their means of delivery.



? Why Strategic Trade Management?



**Proliferation
Threat**



**Enterprises are
Vulnerable**



**Commitment to
United Nations Security
Council Resolution (UNSCR)
No. 1540**



Outline of Presentation

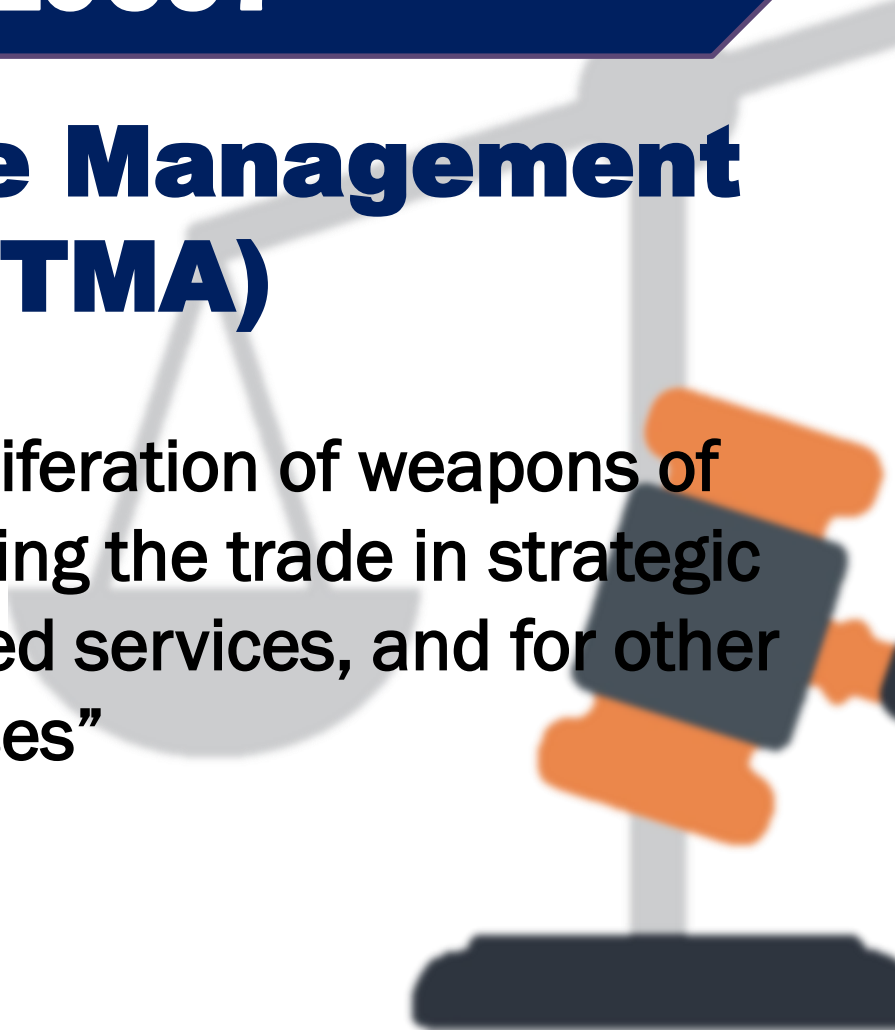
- I. Strategic Trade Management Act**
 - i. Overview
 - ii. National Strategic Goods List
 - iii. Scope and Coverage
- II. Non-Compliance Risks**
- III. Implementation of the STMA**



Republic Act 10697

Strategic Trade Management Act (STMA)

“An act preventing the proliferation of weapons of mass destruction by managing the trade in strategic goods, the provision of related services, and for other purposes”



The Implementing Rules and Regulations (IRR) and the National Strategic Goods List (NSGL) were published in 25 September 2018 in the Official Gazette.



National Security Council- Strategic Trade Management Committee (NSC-STMCom)

A permanent committee under the National Security Council (NSC) acting as the **central authority** on all matters of strategic trade management.



NSC-STMCom



Executive Secretary



**Trade and
Industry**



Foreign Affairs



Justice



**National
Defense**



Health



Finance



Transportation



**Information and
Communications
Technology**



**National
Security Council**



**Environment
and Natural
Resources**



**Science and
Technology**



**Interior and
Local
Government**



Agriculture

Strategic Trade Management Office (STMO)

The lead government agency responsible for managing the trade of strategic goods and technologies to prevent the proliferation of weapons of mass destruction.

STRATEGIC
TRADE
MANAGEMENT
OFFICE



Organizational Structure

OFFICE OF THE DIRECTOR

**POLICY AND
ENTERPRISE
RELATIONS
DIVISION**

Partners with industries to promote awareness and compliance

**REGISTRATION
AND
AUTHORIZATION
DIVISION**

Handles technical and end-use/end-user risk assessments on issuing authorization

**COMPLIANCE
AND
INVESTIGATION
DIVISION**

Enforces the STMA, conducts audits, determines violations



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National Strategic Goods List



**MILITARY
GOODS**

Annex I



**DUAL-USE
GOODS**

Annex II



**NATIONALLY
CONTROLLED
GOODS**

Annex III

CATCH-ALL CONTROLS



Military Goods

Items, software and technology that are specifically designed, developed, configured, adapted, or modified for **military end use**.





Dual-Use Goods

Items, software and technology, which can be used for **both civil and military end use** or in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of weapons of mass destruction or their means of delivery.

1C350/1C450 – Phosphorus Compounds



*Phosphorus Oxylchloride
1C350.2*



Civilian use



Pesticides

Also, flame retardants, plastic additives, hydraulic fluid/ lube oil additives, pharmaceuticals, etc.



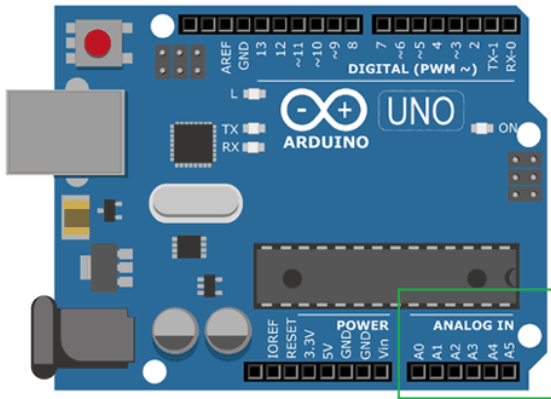
WMD/Military Use



Victims of Sarin attack in Syria

Nerve agent precursors

3A001.a.5/ 3A101.a – Analogue to Digital Converters



→
Civilian use



Also, consumer electronics

*Aviation and aerospace, e.g. satellites;
Automotive industry, e.g. GPS systems*



→
WMD/Military Use



High-speed data conversion

Missiles

AD's or ADS's convert analog signals changing over time into streams of numerical data with can be analyzed by computers



Nationally-Controlled Goods

Goods placed under unilateral controls for reasons of **national security, foreign policy, anti-terrorism, crime control** and **public safety**.

Annex III of the NSGL



Catch-all Provision

Goods or services are or may be used, partly or entirely in the acquisition, development, et. al. of WMDs.

Country of destination is subject to an international sanction or an arms embargo and goods can be used for military end-use.

An authorization for unlisted goods is necessary in the following instances:

Goods may be used as parts or components of military items listed in the NSGL that have been exported without a license.

Exporter knows or suspects that the unlisted goods may be used for any of the uses referred to in para. (a) and (b).

Strategic Goods to be Initially Regulated



Dual-use Goods
Annex II



STMTO



PHILIPPINE NATIONAL POLICE
FIREARMS AND EXPLOSIVES OFFICE

1A007, 1A008, 1C111,
1C227, 1C228, 1C229,
1C239, 3A229, 3A232



PNP-FEO



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EXTRATERRITORIAL JURISDICTION

TERRITORIAL JURISDICTION

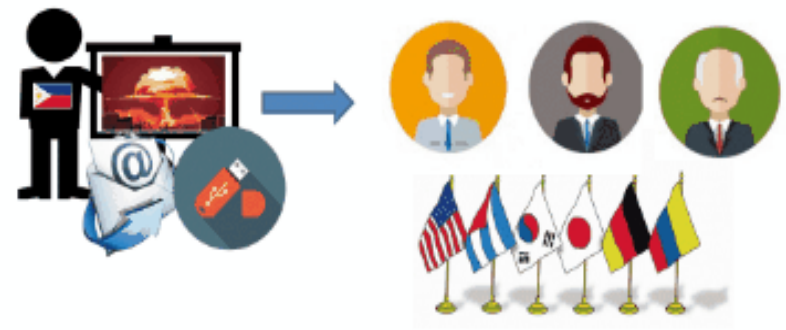


Export

Actual shipment of strategic goods out of the Philippines.



Transmission of software and technology either in electronic/ non-electronic form.





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ADMINISTRATIVE PENALTIES



Warning/ Orders for Corrective Action



Limitation/ revocation/ annulment of authorization/ registration



Fines



Cancellation/ suspension of authority to operate with SEC/ DTI

CRIMINAL PENALTIES



Imprisonment for a period of **six (6) years and one (1) day to twelve (12) years**, and a fine from one million pesos (P1,000,000.00) to five million pesos (P5,000,000.00)



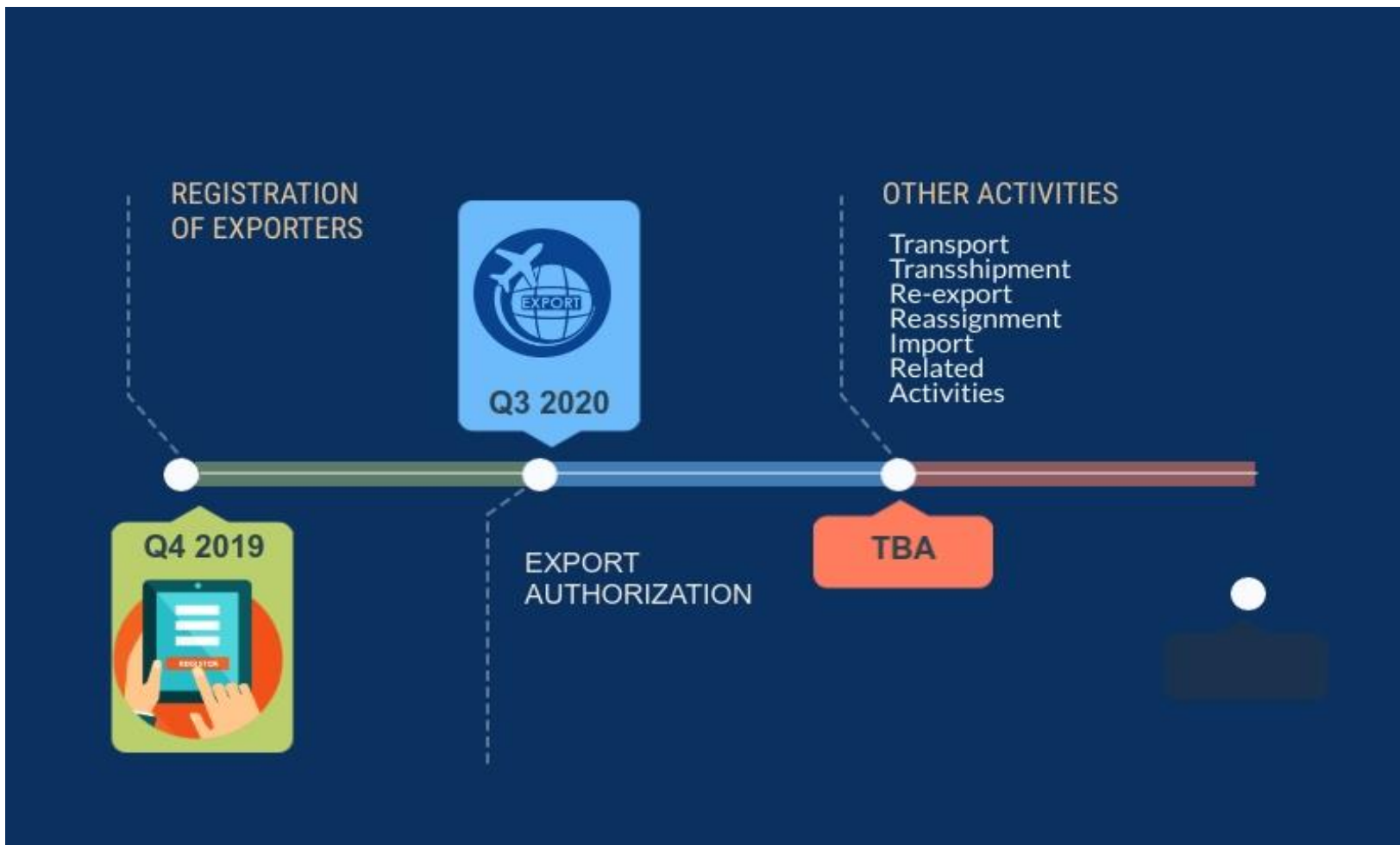
Imprisonment for a period of **six (6) months and one (1) day to six (6) years**, and a fine from one hundred thousand pesos (P100,000.00) to one million pesos (P1,000,000.00)



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Implementation of the STMA





STMA OVERVIEW



NATIONAL STRATEGIC
GOODS LIST



IMPLEMENTING RULES
AND REGULATIONS



COMMODITY
CLASSIFICATION



ICP SET-UP GUIDE

Strategic Trade Management Office (STMO)

The lead government agency responsible for managing the trade of strategic goods and technologies to prevent the proliferation of weapons of mass destruction. STMO's activities include registration and authorization of strategic trade, enforcing the Strategic Trade Management Act, cooperating with other countries on strategic trade management, and assisting industries and SMEs achieve compliance.

ANNOUNCEMENT

- Amendment on STMA Registration Guidelines
- Department Administrative Order No. 19-07 re: Guidance on the Implementation of the STMA

NEWS

- STMO holds enterprise outreach in Calamba, Laguna
- STMO conducts their first Enterprise Outreach Program for 2019

Thank you!

Connect with us at:

 [**stmoinfo@dti.gov.ph**](mailto:stmoinfo@dti.gov.ph)

 [**dti.gov.ph/business/strategictrade**](http://dti.gov.ph/business/strategictrade)