



Export control system of Republic of Korea

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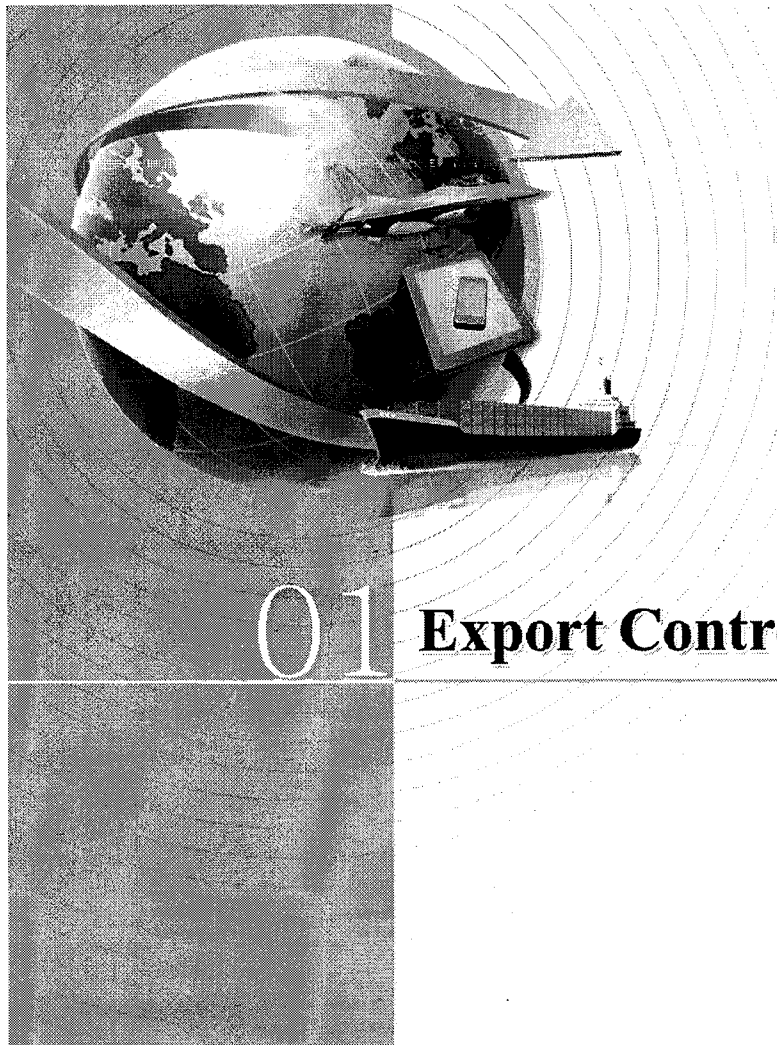
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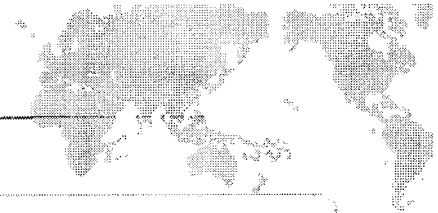
01 Export Control System of ROK

02 Korea Strategic Trade Institute
(KOSTI)



01 Export Control System of ROK

Export Control of Dual use items



Export Control?

Export Control

Managing export/transshipment/brokering of dual use items by a government's inspection to prevent WMD from proliferating into nations or terrorists on denial lists.

Foreign Trade Act Article #19 Item #1

To Restrict trade for the good of peace and safety of the world, and national security, by the principles of Export Control Regimes

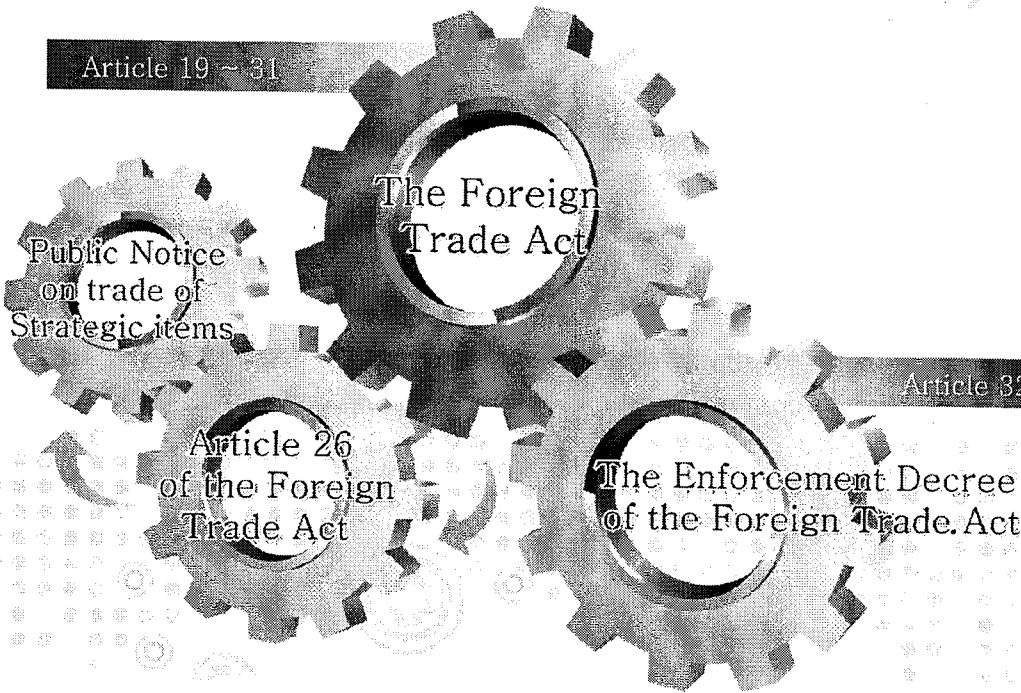
Export?

- Goods : Transportation from domestic area to foreign
(ex. : purchasing, exchange, lease, loan of use, and donation)
- Technology : Transfer from domestic area to foreign,
or from locals to foreigners
(including transfer through networks, verbal communications,
data-processing equipment)

Legal basis for Export Control






Article 19 ~ 31



Article 32~49

Licensing Authorities



 Ministry of Trade, Industry and Energy	<p>Legal basis</p> <p>Foreign Trade Act</p>	<p>Controlled items</p> <p>Industrial Dual-Use items</p>
 Defense Acquisition Program Administration	<p>Legal basis</p> <p>Foreign Trade Act Defense Acquisition Program Act</p>	<p>Controlled items</p> <p>Military Use Goods</p>
 NUCLEAR SAFETY AND SECURITY COMMISSION	<p>Legal basis</p> <p>Foreign Trade Act Nuclear Safety Act</p>	<p>Controlled items</p> <p>Goods specially designed for nuclear power</p>
 MINISTRY OF UNIFICATION	<p>Legal basis</p> <p>Interchange and Cooperation Act for ROK and DPRK</p>	<p>Controlled items</p> <p>Goods taken into and out of DPRK</p>

Penalty



Judicial Action

- Export without License to proliferate dual use items
 - Imprisonment of below 7 years
 - Monetary penalty of below 5 times the price of exports
- Export without License or with illegal License
 - Imprisonment of below 5 years
 - Monetary penalty of below 3 times the price of exports

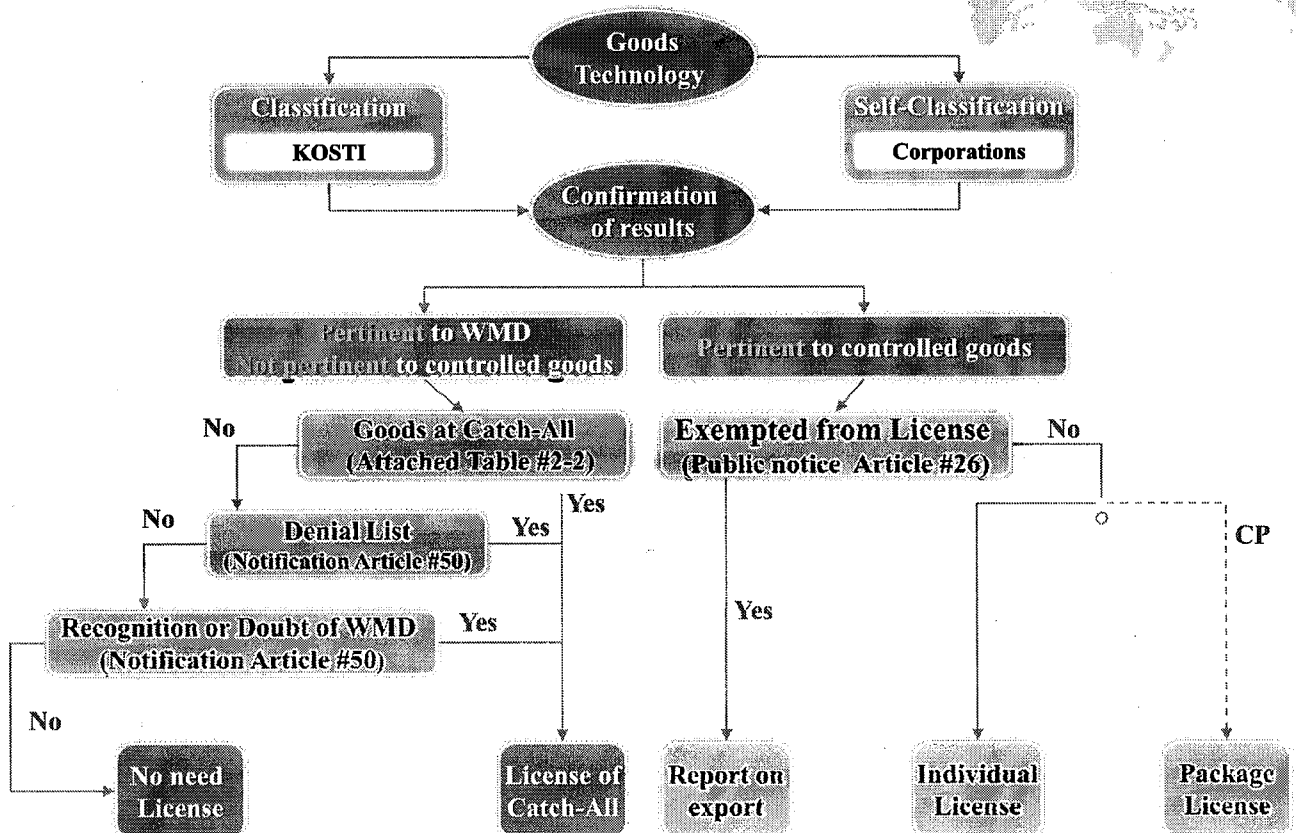
Administrative Measure

- Order of education
 - Up to 8 hours
- Prohibition of trading dual use items
 - Up to 3 years

By NIS, National Police

By MOTIE

Compliance Process



Structure of controlled items in Public notice

Multilateral export control regimes

Regime (year of participation)	Purpose
NSG (1995)	nuclear nonproliferation
WA (1996)	prevention of destabilizing accumulation of arms & dual-use items
AG (1996)	CBW nonproliferation
MTCR (2001)	nonproliferation of missiles technology

International Treaties

Treaty (year of participation)	Purpose
CWC (1997)	prohibition of chemical weapons
BWC (1987)	prohibition of biological and toxin weapons

Controlled items of the Public Notice

The Public Notice		Category	
Annex 2	Dual Use	CAT 1	Special Materials and Related Equipment
		CAT 2	Materials Processing
		CAT 3	Electronics
		CAT 4	Computers
		CAT 5	Telecommunications and Information Security
		CAT 6	Sensors and Lasers
		CAT 7	Navigation and Avionics
		CAT 8	Marine
		CAT 9	Aerospace and Propulsion
Annex 3	Trigger List	CAT 10	Nuclear Materials, Facilities, and Materials
		ML1~ML22	Military items

Structure of ECCN

3A001.a.5

Category No.

- 0 : Category 0. Nuclear Materials, Facilities, and Materials
- 1 : Category 1. Special Materials and Related Equipment
- 2 : Category 2. Materials Processing
- 3 : Category 3. Electronics
- 4 : Category 4. Computers
- 5 : Category 5. Telecommunication and Information Security
- 6 : Category 6. Sensors and Lasers
- 7 : Category 7. Navigation and Avionics
- 8 : Category 8. Marine
- 9 : Category 9. Aerospace and Propulsion

Product Group

- A : Systems, Equipment & Components
- B : Test, Inspection & Production Equipment
- C : Materials
- D : Software
- E : Technology

Types of Control

- 0 : WA
- 1 : MTCR
- 2 : NSG
- 3 : AG
- 4 : CWC

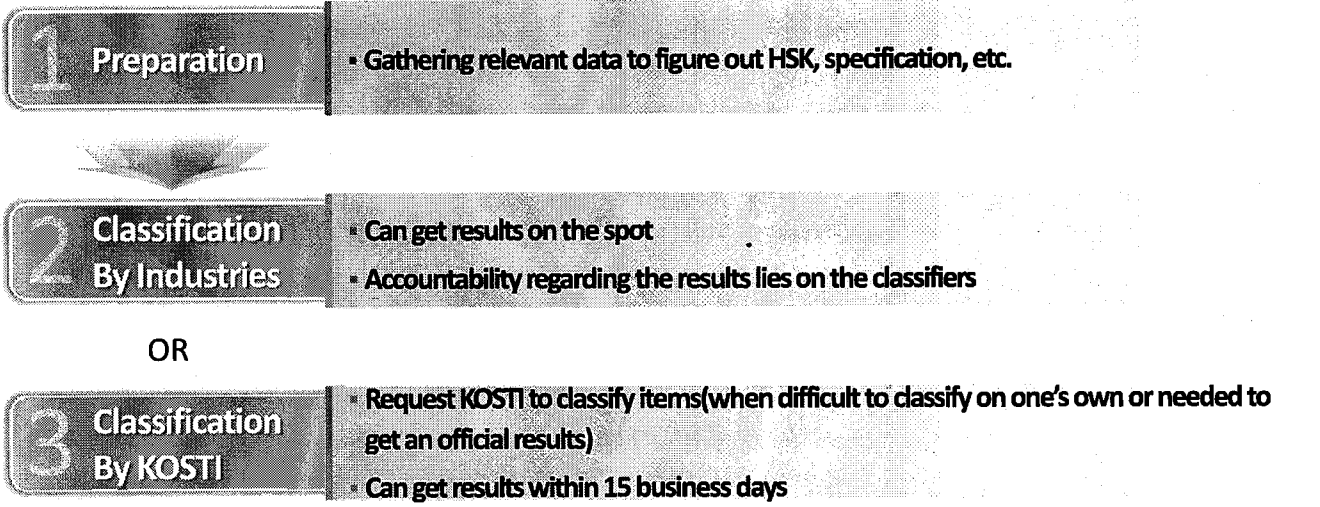
Classification of Items



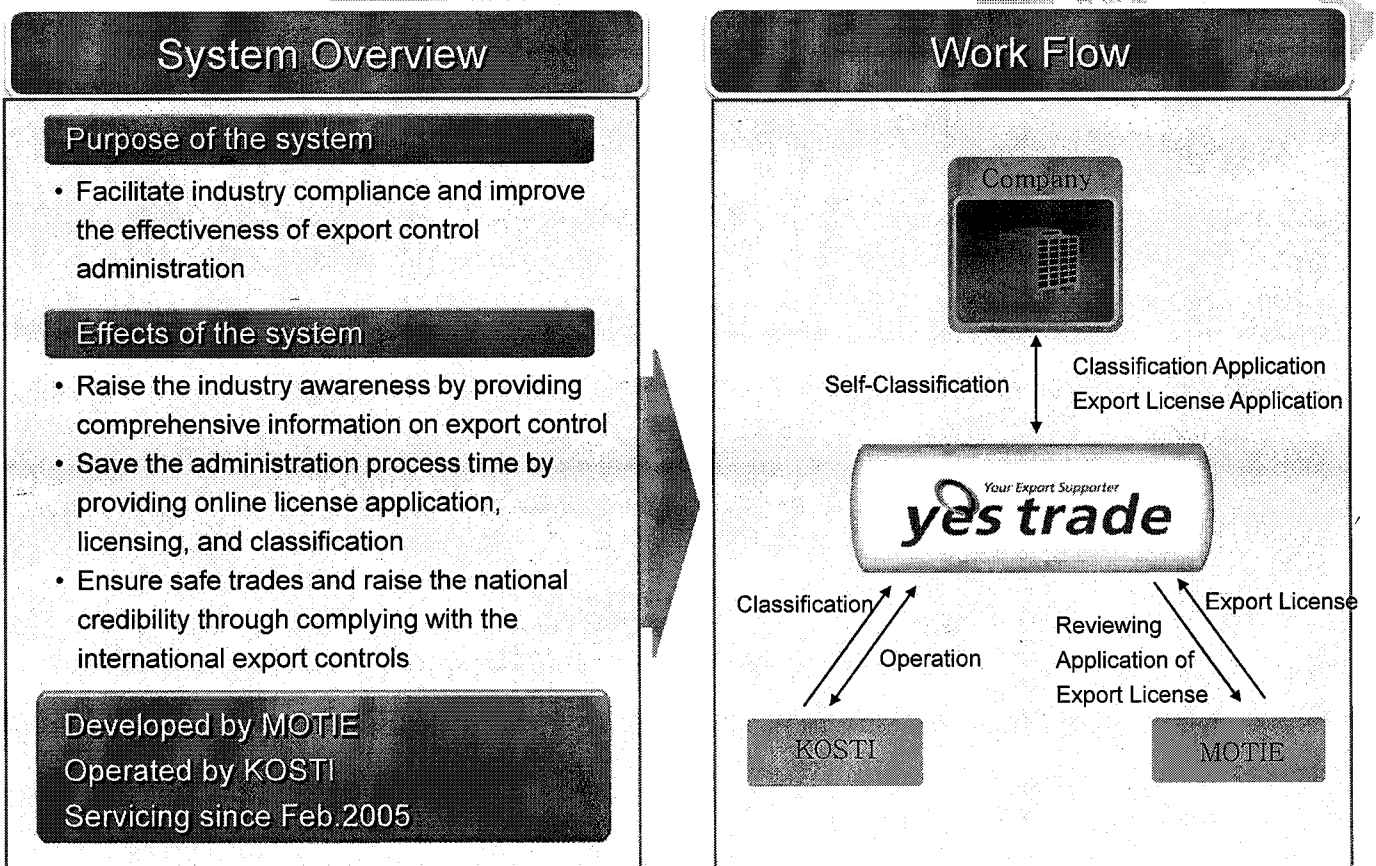
Classification?

- Determining if exported items are controlled goods
- Making use of www.yestrade.go.kr which is Korea's system managing controlled goods

Process



YESTRADE – Overview



Export Licensing System



◆ Listed Items

A license is required to export dual use items for all destinations.

- Except when sending common use items to ROK's Embassy abroad
- Except when returning imported items to the exporter back... and so on

◆ Non-listed Items (Catch-all)

A catch-all license is required even if items are not in the control list.

- When exporting watch-list items (21 items)
- When notified by the Gov to apply for a license
- When knowing or suspecting that the item may be diverted into WMD related end-uses (12 red-flag indicators)

Export Licensing System



◆ Brokering

A license is required to broker dual use items from one third country to another.

- Except when items are going to countries which joined 4 XC regimes

◆ Transit/Transshipment

A license is required for those seeking to make transit/transshipment of dual use items via ports in Korea.

- When being aware of the suspect to be diverted to WMD end-uses
- When being informed by the government to apply for a license



Review on License Application

Licensing official takes into consideration of all relevant information available to check if the stated end-user or importer poses any WMD proliferation-related concern.

Relevant Information

- ① Denial notification/complementary information provided by members of 4 XC regimes (NSG, MTCR, AG, WA)
- ② UNSC targeted sanctions lists (especially those related to WMD proliferation concern)
- ③ Information provided by intelligence community
- ④ Other open sources information available

Recent Development



Introduction of “Compliance Program”

Rationalized CP according to the each company’s level of internal export control system.

Clarification on the scope of ITT controls

Amended the definition of “export” to include transfer to foreign nationals within a country by revision of 『Foreign Trade Act』 .

Compliance Program



	Minimum Requirements	Mid-Level Requirements	Maximum Requirements
Incentives	A	AA	AAA
Documents will be reviewed within (in case of export to "NA(B) group" countries)	10~15days	10days	5days

• "NA(B) group" : countries other than "GA group"

• "KA(A) group" : countries which have joined all of the international export control regimes (AG, MTCR, NSG, WA)

Document (such as EUC) exemption when to export to "NA group"	X	X	O
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- In accordance with its type (A, AA, AAA) benefits differ.
 - Become eligible for several types of comprehensive export license
 - And so on

ITT : Improvement on Act & System



Revision of 『 Foreign Trade Act 』 (2014)

Extension of the scope of ITT controls

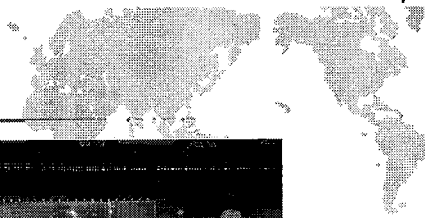
By revision of 『 Foreign Trade Act 』, the scope of ITT controls extended to phone calls, e-mails, presentations in seminar and other recording devices like disk and so on.

On-line Service for Strategic Tech Classification (2015)

A New Tool for Researchers & Exporters of Tech

Through "Yestrade", anyone can pre-check if their technologies correspond to the control list.

Industrial & Academic Outreach Activity



- Trade & Security Day
- CP workshop
- Home-Doctor Consulting
- YEST(Young Expert for Strategic Trade)
- Seminar



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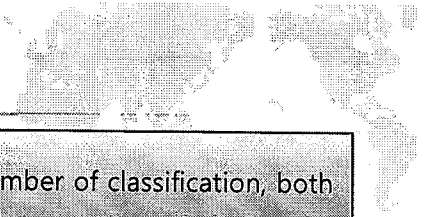
02 **KOSTI**

Main business



- Classification of goods and Technology
- Research
- Education and Public relations
- International Cooperation
- Liaison between HS code and Control list
- Cooperation with Korea customs agency
- Support for CP and SMB
- Korean dual use technology confirmation system

Classification



OBJECTIVE

To support goods & technology to be exported are classified or not for industries

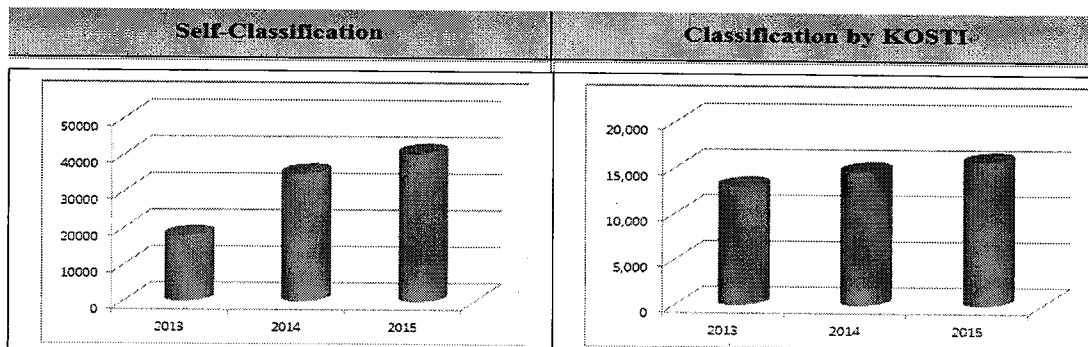
ACHIEVEMENTS

Annually growing number of classification, both of 2-type classification

Features

- KOSTI provides classification service upon request of companies
- Sometimes with consultation from a pool of registered experts
- All steps from application to issuance are processed via YESTRADE

Statistics of Classification(2013~2015)



Research

OBJECTIVE

To make export control system better and support industries for understanding legal system

ACHIEVEMENTS

Every year export control system in Korea makes revision based on our research.

Follow-up on recent changes

- Follow-up analysis on recent sanctions against countries of major concerns
- Comparative study on export controls across US, EU, Japan, etc.
- Suggestions for government policy-making and support in legislation process
- Review of on-site questions from government agencies
- Coordinating inter-agency meetings

Publications

- Annual Report, Guidelines for industry and related agencies
- Policy recommendations(Research on export control : about 100 cases in 2015)

Education and Public relations

OBJECTIVE

To inform relevant companies of proper information timely

ACHIEVEMENTS

Growing numbers of trainees and publications

Training and Seminars

- Operated 7 course and attended 720 people (2016)
 - Basic course, Advanced course, course for CP-certified companies
 - Special courses (Classification/Commodity Identification/Industry-specific)
- coordinated education(with Trade associations etc.)

Public relations

- Newsletter(email), Twitter, Facebook, and other resources
- Annual event (Trade and Security)
- YEST(Young Expert of Strategic Trade) Program(for university and graduate students)

International Cooperation

OBJECTIVE

To share know-how of KOSTI worldwide

ACHIEVEMENTS

Supporting other agency's outreach program
(EXBS Seminar, CIT IT, PSI training)

International export control regimes

- Sending our delegations to participate in the discussion of policy, information, control lists and other related matters
- Leading role in analyzing control list and its impact on industry

International Outreach

- Sent our delegations to Southeast Asian countries such as Mongolia, Malaysia (2017)
- Have a plan to invite civil officers of Kazakhstan for introducing our program (July 2017)

Recent International outreach activities

Malaysia(MITI)

- Date & Place : '17.7.1~5, MITI Meeting Room
- Participants : MITI(Strategic Trade secretary), KOSTI
- Objective : Sharing outreach Know-how and best practice for licensing, enforcement



Recent International outreach activities



Mongolia

- Date & Place : '17.5.16~18, best western hotel
- Participants : GTSC, GE, KOSTI, CISTEC etc
- Objective : Strategic trade control outreach



HS code and Control list correlation



OBJECTIVE

develop a linkage table that identifies dual-use items on the basis of HSK to support determination of dual-use items by export companies

ACHIEVEMENTS

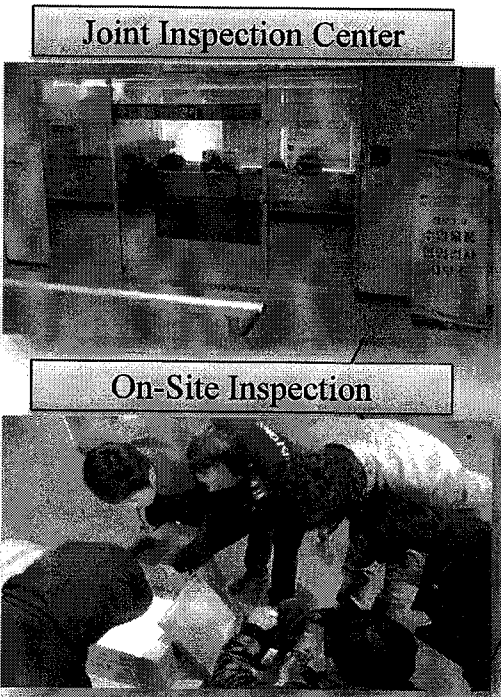
Totally, HSK(10unit) 1,993 connection

HSK연계표			
HSKCD	HSKNM	HSENM	CNTRLNO
2612100000	우라늄광과 그 정광(精鑛)	Uranium ores and concentrates	0C001.
2612200000	토륨광과 그 정광(精鑛)	Thorium ores and concentrates	0C001.
2617904000	비스무트(bismuth)광과 그 정광(精鑛)	Bismuth ores and concentrates	1C229.
2620990000	기타	Other	0C001.
2707100000	벤조올(벤젠)	Benzol (benzene)	1C111.
2707200000	톨루올(톨루엔)	Toluol (toluene)	1C111.
2707300000	크실롤(크실렌)	Xylool (xylenes)	1C111.
2707400000	나프탈렌	Naphthalene	1C111.
2707500000	그 밖의 방향족(芳香族) 탄화수소의 혼합물(섭씨 250도에서 아이·에스·오(ISO) 3405방법(에이·에스·티·엠 디(ASTM D)86의 방법과 동등)으로 증류한 양이 전 용량의 100분의 65 이상(순실분을 포함한다)인 것으로 한정한다)	Other aromatic hydrocarbon mixtures of which 65 % or more by volume (including losses) distils at 250 °C by the ISO 3405 method (equivalent to the ASTM D 86 method)	1C111.
2707990000	기타	Other	1C111.
2710122000	항공 휘발유	Aviation spirit	1C111.
2710123000	프로필렌테트라머(propylene tetramer)	Propylene tetramer	1C111.
2710124000	나프타	Naphtha	1C111.
2710125000	엔지엘(NGL)	Natural gas liquid	1C111.

Cooperation with Korea customs agency

OBJECTIVE
prevent illegal export of dual-use items by airport

ACHIEVEMENTS
we have uncovered three illegal export of dual-use items. Eg.) Nickel powder, Diisopropylamine



Working for Joint Inspection Center in Incheon Airport(one from KOSTI)

Analyzing Customs clearance records in the office

Conducting on-site inspection for not-classified items

Support for CP and SMB

OBJECTIVE
To support industries to have internal control system and not to involved with illegal export

ACHIEVEMENTS
Conducted onsite consulting over 800 companies in 3 years in total



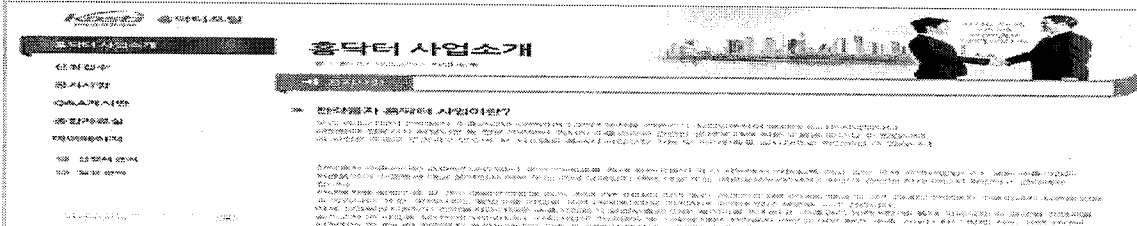
Support for CP

- Offering advice for applicants to help be certified as A, AA and AAA(introduced in 2014, now the number is 155 as of May 2016)
- After certified, Keep supporting to maintain compliance system



Support for SMB(Home Doctor Consulting)

- About 300-400 companies apply and receive this service every year (324 companies in 2016)
- Offering consulting to help comply with export control system



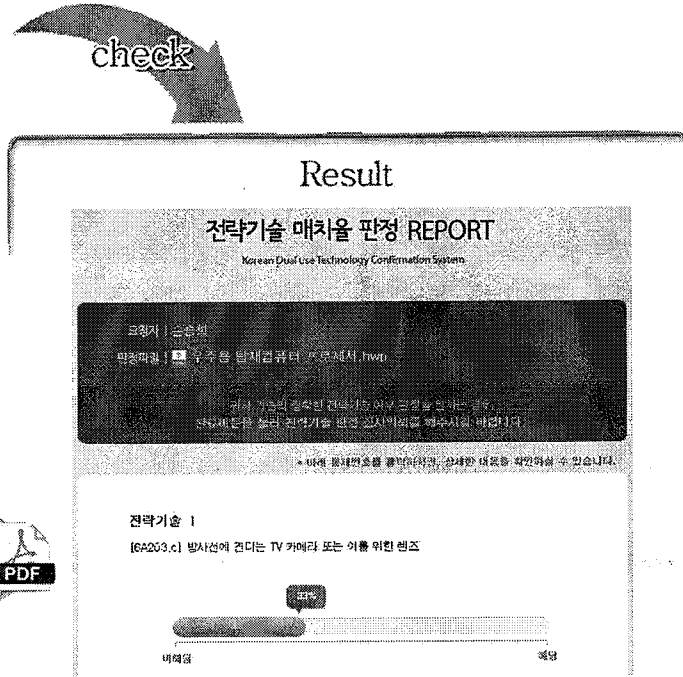
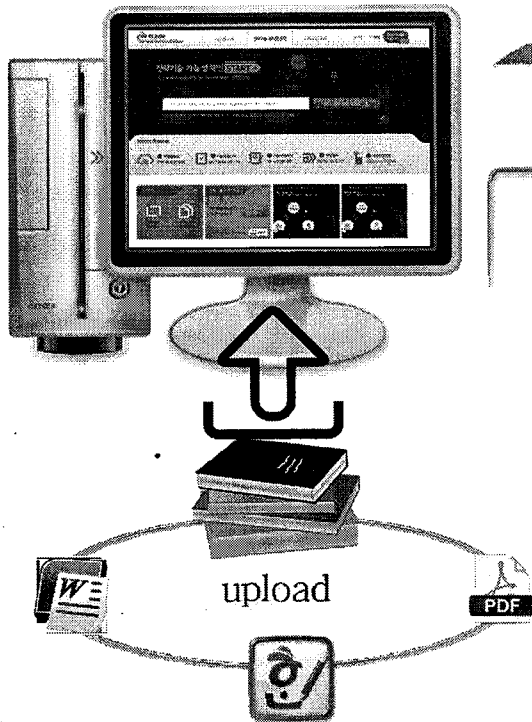
Korean dual use technology confirmation system

OBJECTIVE

To classify user's documents easily on the internet

ACHIEVEMENTS

The users can get result quickly and easily



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Thank you

