



Department of Trade and Industry
Strategic Trade Management Office

REPUBLIC ACT NO. 10697

Strategic Trade Management Act

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Department of Trade and Industry
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Strategic Trade Management Act

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



REPUBLIC ACT NO. 10697

Declaration of Policy

- To be free from Weapons of Mass Destruction in Philippine territory, consistent with the national interest;
- To fulfill its international commitments and obligations, including United Nations Security Council Resolution (UNSCR) 1540;
- To maintain international peace and security;
- To promote economic growth by facilitating trade and investment
 - through the responsible management of strategic goods and the provision of related services.



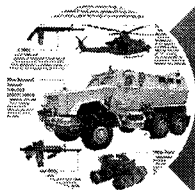
What are STRATEGIC GOODS?

- Products that, for ***security reasons*** or due to ***international agreements***, are considered to be of such military importance that their export is either prohibited or subject to specific conditions.
- Goods that are listed in the **National Strategic Goods List (NSGL)** which require authorization from the Strategic Trade Management Office (STMO).

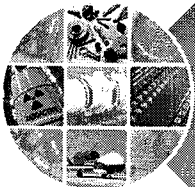
Types of STRATEGIC GOODS?

- *Military* - items, software, and technology specifically designed, developed, configured, adapted, or modified for military end-use.
- *Dual-use* - items, software, and technology which can be used for both civil and military end-use or in connection with development, production, handling, operation, maintenance, storage, detection, identification, or dissemination of WMD or their means of delivery.
- *Nationally controlled* - goods placed under unilateral controls for reasons of national security, foreign policy, anti-terrorism, crime control, and public safety;
- *Unlisted* - goods that are not in the NSGL and may be subject to an authorization requirement under the STMA.

NATIONAL STRATEGIC GOODS LIST



ANNEX I Military List



ANNEX II Dual-Use List



ANNEX III Nationally Controlled Goods List

SCOPE OF THE STMA

➤ **Within the territorial jurisdiction of the Philippines:** Any natural or juridical person who engages or intends to engage in the activities covered.



Extraterritorial Application: All Filipino persons providing the activities covered, wherever located.

ACTIVITIES COVERED BY THE STMA

Export

Import

Transit

Transshipment

Re-export

Reassignment

Provision of Related Services
(*Brokering, Financing, Transportation and Technical Assistance*)

ACTIVITIES COVERED

EXPORT – covers the following activities:

- Actual shipment of strategic goods out of the Philippines
- Transmission of software and technology either in:
 - a. Electronic form
 - b. Non-Electronic Form

IMPORT – shipment of strategic goods or transmission of software or technology by any means from a foreign country into the Philippines.

ACTIVITIES COVERED

TRANSIT – shipment of strategic goods passing through Philippine territory where the strategic goods *remain at all times in or on the same carrier* bound for an ultimate destination outside the Philippines.

TRANSSHIPMENT – shipment of strategic goods passing through Philippine territory where the good is *unloaded from the carrier and reloaded in the same or on another carrier* bound for an ultimate destination outside the Philippines.



ACTIVITIES COVERED

RE-EXPORT – export to a foreign country of strategic goods *previously imported to or exported* from the Philippines.

REASSIGNMENT – reallocation of strategic goods previously exported from the Philippines from one person to another *within a single foreign country*.



RELATED SERVICES

Brokering - (a) negotiating or arranging transactions that involve the shipment of strategic goods from a foreign country to any other foreign country; or

(b) selling or buying with the intent to move strategic goods that are in a broker's possession or control from a foreign country to any other foreign country;

Financing - making available or providing funds to facilitate the movement of (a) strategic goods and/or related service if this contributes to WMD or their means of delivery; or

(b) military goods if destined for a destination subject to a UN Security Council embargo or to prohibited/restricted end- users

RELATED SERVICES

Transporting moving the strategic goods, agreeing to move them, any supporting services being provided to the transport provider, and any act calculated to promote their supply or delivery if this contributes to WMD, or means of their delivery, or military goods if destined to an embargoed destination subject to a UN Security Council embargo, or to prohibited/restricted end-users;

- in relation to the movement of strategic goods between two foreign countries.

RELATED SERVICES

Technical Assistance - support provided in relation to strategic goods such as repair, development, manufacture, assembly, testing, maintenance, or any other technical service, and may take such forms as instruction, training, transmission of working knowledge or skills, or consulting services.

Technical assistance can be verbal, written or electronic means;.



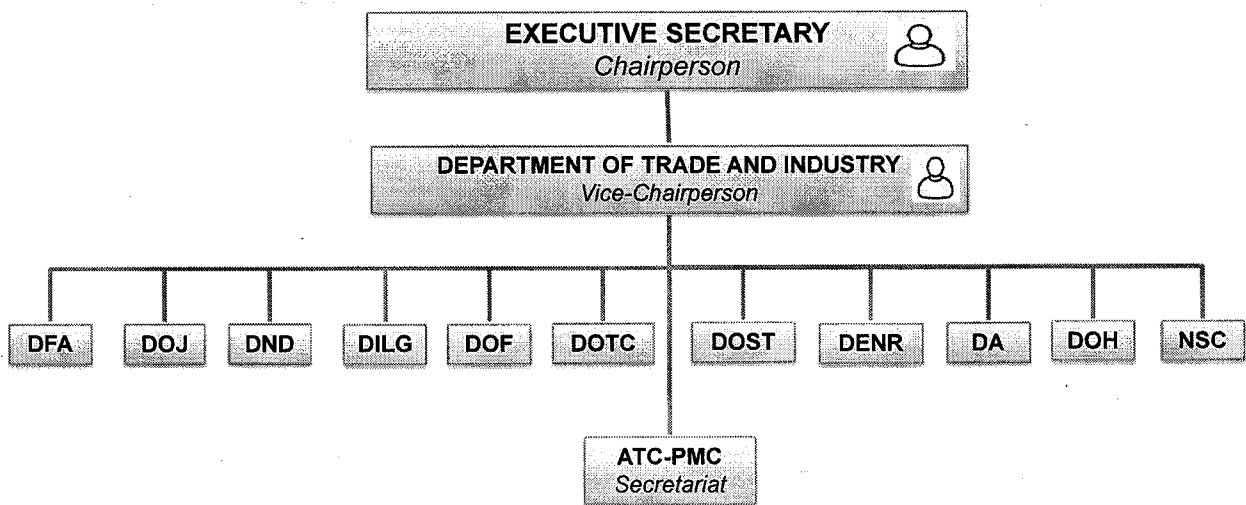
CENTRAL AUTHORITY

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

A permanent committee under the National Security Council acting as the central authority on all matters relating to strategic trade management.



COMPOSITION OF THE NSC-STMCom





POWERS AND FUNCTIONS OF THE NSC-STMCom

- **Formulate strategies, policies and guidelines.**
- Establish, publish, review and update the NSGL.
- **Decide appeals on decisions of the STMO.**
- Establish exemptions from authorization.
- Coordinate, assist and cooperate with other government agencies as well as other nations in the implementation of the STMA.



EXECUTIVE AND TECHNICAL ARM

Strategic Trade Management Office (STMO)

A Bureau, under the Department of Trade and Industry, that serves as the executive and technical agency for the establishment of the management systems for the trade in strategic goods.



POWERS AND FUNCTIONS OF THE STMO

- Implement strategies, policies and guidelines of NSC-STMCom.
- **Establish and maintain a database on strategic goods and on persons engaged in strategic goods trade.**
- **Issue authorizations or deny applications for authorizations.**
- Undertake enforcement of provisions of the Act.
- Coordinate, cooperate, provide assistance and share information with ATC and other agencies.
- Coordinate with industry and the public.



STMO ORGANIZATIONAL STRUCTURE



TYPES OF AUTHORIZATIONS

Authorization	Description	Validity
Individual Authorization	<ol style="list-style-type: none"> 1. given to a specific person; 2. engaged in the regulated activities; 3. with respect to one end-user/consignee; 4. covering one or more strategic goods. 	<ul style="list-style-type: none"> • Maximum of 2 years • Maximum of 6 months (for transit and transshipment)
Global Authorization	<ol style="list-style-type: none"> 1. given to a specific person; 2. engaged in the regulated activities; 3. with respect to one or more specified end-users and exported to or originating from one or more countries; 4. covering one or more strategic goods. 	<ul style="list-style-type: none"> • Maximum of 5 years
General Authorization	<ol style="list-style-type: none"> 1. can be used by any specific person; 2. engaged in the regulated activities; 3. covering low risk strategic goods destined to one or more low-risk countries; 4. subject to the conditions specified in the general authorization. 	<ul style="list-style-type: none"> • Lifetime until revoked or amended by the STMO.

GROUND FOR DENIAL OF AN AUTHORIZATION

- Failure to fulfill the requirements established by the STMA and its IRR.
- Acts in breach of UNSC sanctions or embargoes.
- Proposed transaction will impede fulfillment of other Philippine international commitments/obligations.
- Acts will endanger national/ international security, regional stability, or contribute to terrorist acts.
- The transaction will result in the diversion of strategic goods to an unauthorized end user/ end use.



APPEALS

In case of denial of an application for authorization, the applicant may avail of the following remedies:

- File a motion for reconsideration with the STMO within 15 working days from receipt of the decision.
- Appeal with the NSC-STMCom within 15 working days after receipt of denial of the motion for reconsideration.



ADMINISTRATIVE PENALTIES

- Limitation, revocation or annulment of any authorization and/or registration;
- Fines of up to Php 250,000.00 or twice the value of the strategic good or related service under the contract, whichever is higher, or as assessed by the STMO; and,
- Cancellation or suspension of the registration and authorization to operate of the partnership, corporation, association and other juridical entity.

The imposition of administrative penalties shall be without prejudice to the filing of criminal charges against persons responsible.



CRIMINAL PENALTIES

- **Commit Violations of the STMA:**
Imprisonment for a period of 6 years and 1 day to 12 years, and a fine from P1-5 million;
- **Attempt to Commit Violations of the STMA:**
Imprisonment for a period of 6 months and 1 day to 6 years, and a fine from P100 thousand to P1 million.



**Thank you for your
attention.**

ATTY. LUIS M. CATIBAYAN
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Department of Trade and Industry

