



## SEA Customs and Trade Alert

### Stay informed of changes

Greetings from your SEA Customs and Global Trade Services group. This newsletter is your reference for practical information on relevant customs issues. We are pleased to enclose for your information the latest Customs and Trade Alert on:

#### Thailand's Progress Towards Establishment of Export Control on Dual-use Items

The recent announcement by Thailand's **Ministry of Commerce**, that an integrated export control system will be in place by February 2016 to monitor export (including transit and transshipment) of dual-use items, is the strongest message to date that controls will finally be introduced. Subject to ratification by the Thailand Government, the export controls could come into effect in the second half of 2016.

Since 2010, the Thailand Government has indicated its intention to introduce export controls on dual-use items; but no firm commitment was made as to when such controls would be introduced. With increased concerns about global safety and security across governments worldwide, Thailand will be the third country in Southeast Asia (after Singapore and Malaysia) to establish a system to control the export of dual-use items.

### What this means for you

#### Scope of Control

Dual-use items are items that are commonly used for civilian applications but can potentially be used for military purposes (i.e. towards development of Weapons of Mass Destruction). Examples of dual-use items are as follows:

Items	Commercial Use	Potential WMD Use
<b>Storage integrated circuits, flash memories</b>	Widely used in commercial and industrial applications primarily for electronic systems	Potential military uses: Used by the military as components to be used for weapons systems, delivery systems and numerous other military electronic applications for operation in extreme temperature conditions.
<b>Cryptographic Equipment</b>	Protect the security of companies' confidential information	Potential military uses : Protect the security of military communications and data
<b>Machine Tools</b>	Fabricate metal components by machining for various industries e.g. automotive, electronics	Nuclear uses: Manufacture nuclear explosive device components e.g. hemi shells

With the introduction of export control on dual-use items, the following sectors will be principally affected:

- Aerospace, Marine and Defence;
- Special Materials and related Equipment;
- Materials Processing;

- Biotechnology and Specialty chemicals;
- Telecommunications, Information security and Encryption;
- Sensors and Lasers;
- Semiconductor / electronics,
- Super-computers and engineering sectors.

The export control list that Thailand intends to adopt for the control of export, brokering, transfer, transit, and transshipment shall be based upon the **EU Control List (2012)**.

### **Responsibility**

The Ministry of Commerce has yet to publish regulations governing the framework of Thailand's export control regime, but Thai exporters (including persons/ corporate body that are involved in the brokering, transfer, transit and transshipment) of controlled dual-use items will potentially need to obtain export approvals (Licences) from the Ministry of Commerce **prior** to the physical export of dual-use items that are caught under the Control list.

### **Enforcement of Penalties**

Penalties for breaching export control requirements are also not yet defined, but referencing to other export control regimes that are already established in Southeast Asia, Thai exporters (including persons/ corporate body that are involved in the brokering, transfer, transit and transshipment) of controlled dual-use items could be exposed to potential risks of fines and imprisonment.

### **What should you do**

Companies exporting dual-use items, currently listed under the EU Control List, from Thailand need to:

- Raise their awareness on export control of dual-use items and how it impacts the company's business;
- Assess whether their goods for exports would likely be caught under the EU Control List (2012);
- Review current processes to ensure that they have the appropriate processes and procedures in place to monitor outward movement of their items from Thailand;

- Assess whether systems enhancements need to be introduced to ensure that dual-use items subject to export control could be flagged.

### How Deloitte can help

Deloitte can support your company in the following areas:

- Provide bespoke training on export control on dual-use items and its impact on your business processes and procedures;
- Assess the impact of the establishment of export control on dual-use items, and to your company's existing procedures and processes, and advice on the necessary measures to be taken to maintain a secure supply chain;
- Assessment on whether your company's product may likely be subject to Thailand export control regime.

### Contacts

For more information on the above or any Customs and Global Trade matters, please contact **Stuart Simons** (Thailand) +662 676 5700, ext. 5021 or **Diyannah Anuar** (SEA Export Control team) +65 6216 3351, or your usual Customs and Global Trade Services contact in Deloitte.

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