Malaysia Strategic Trade Act (STA):

1. Transshipment Permit no longer required for 5A2 and 5B2 (Dual Use-Strategic Items)
2. End Use Statement and Delivery Verification Statement Replaced
3. Bulk and Multi-use Transit Permit Introduced for Strategic Items

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Effective 1 December 2011, the Government made several rationalisations to Regulations 10, 11, 12 and 13 of the Strategic Trade Regulations 2011 (P.U. (A) 482/2010) that relate to Export, Transit, Transshipment and Special permits respectively.

The prescribed End Use Statement (Form 5) and Delivery Verification Statement (Form 6) were replaced entirely with new formats, and the provision of the latter to the Strategic Trade Secretariat is no longer mandatory ("other form acceptable" is sufficient, and only upon request when bulk or multi-use permits are used).

The changes also include introduction of Bulk and Multiple-use permits in relation to Strategic Goods brought into transit, where previously only Single Use permits could be granted. Unlisted goods transit permit is still restricted to Single Use, however.

Another major change is the removal of category 5A2 (Systems, Equipment and Components) and 5B2 (Test, Inspection and Protection Equipment) from the requirement of a Transshipment permit under Category 5 Telecommunications and "Information Technology" in the List of Dual-Use Items (Part 2, Schedule of Strategic (Strategic Items) Order 2010).

Other changes include reduction of lead time required to apply for certain permits from 2 months to 30 days in advance prior to export, as well as some minor text changes that reduce ambiguities (e.g. "exporter/applicant no.' changed to "exporter/applicant", "contact point details" changed to "contact details", etc.).

The official circular from the Ministry of International Trade and Industry (MITI) is available at (http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.section.Section_21f449aa-c0a81573-4c6f4c6f-d6b6fcbf)

Our observations

Elimination of Category 5A2 and 5B2 from Transshipment Permit requirements should be welcome to the trade community, as would the rationalisations surrounding the Delivery Verification Statement and introduction of multi-use/bulk transit permits for strategic items. The revised regulation 11 (3) ("transit Permit"), however, now requires that the application "be accompanied by the prescribed fee". Additional clarity as regards the quantum, payment method, etc. is not available at present.

One major concern we envisage is while the new End Use Statement format will be welcomed going forward, many exporters would expect the End Use Statement obtained earlier in the previous format to continue to be accepted. As the law is silent on transitional treatment, clarity from the Authority would be useful in this regard, in particular for exporters having large numbers of customers/buyers overseas.

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