



EXPORT CONTROL DEVELOPMENTS

Hong Kong Updates 2010 Control List for Strategic Commodities Again

On April 30, 2010, the Hong Kong Trade and Industry Department ("TID") announced that Hong Kong will update its control list for strategic commodities to reflect the latest changes of international regimes.

Hong Kong's control list was last amended in February 2010 and covers the revisions adopted by international regimes up to end 2008. The latest update in April 2010 will mirror changes of the dual-use list under the Wassenaar Arrangement up to end 2009, covering commonly traded strategic items, such as electronics, computers, telecommunications and information security products.

One significant change for traders in Hong Kong will be the removal of certain cryptography items in Category 5 - part 2. By reflecting Note 4 (exemption note of "Ancillary" cryptography) of the Wassenaar 2009 list, items incorporating cryptography as "non-primarily" function will be decontrolled. Hence, many digital gadgets and software, such as gaming, household appliances, business process software, medical clinical equipments and CAD software, will no longer require strategic export licenses.

Another important change will be the removal of cryptography devices from Schedule 2, which contains the "more sensitive" group of strategic items, such as military items and nuclear related items, and requires import/export license even for transit and air-transshipment in Hong Kong. With the new update, encryption devices in transit and air-transshipment through Hong Kong will no longer require licenses.

The effective date of the change has not been confirmed as the new list is still undergoing completion of legal procedures. The TID will issue another announcement to inform traders of the effective date. As a reference, the last scheduled update was announced in mid-November 2009 and implemented in early February 2010.

As of April 2010, Japan has already reflected the updates from the dual-use list of Wassenaar 2009 while Singapore is still using the dual-use list from Wassenaar 2008.

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