



EXPORT CONTROL DEVELOPMENTS

US, Japan and Hong Kong Update Export Control Goods List

International regimes, such as the Wassenaar Arrangement, the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, maintain lists of controlled goods and technologies and member states reflect such controlled items in their respective domestic regulations. Countries with stringent export control regimes generally update their control list of strategic commodities once a year to keep up with the changes in technology and to reflect any developments in the basis for restrictions, including changes under international regimes.

The US, Japan and Hong Kong had incorporated the Wassenaar list of December 2007 into their respective export control regimes. The three economies recently updated their controlled goods lists to reflect the Wassenaar list as of December 2008.

- Hong Kong – The Import and Export (Strategic Commodities) Regulations (Amendment of Schedule 1) Order 2009 was published on November 13, 2009. The effective date of the regulations will be determined after completion of domestic legal procedure.
- Japan – The draft updated list was published on December 9, 2009 for public comments. As per normal practice, the updated list will likely be implemented a few months later, in early 2010.
- United States – The Bureau of Industry and Security (“BIS”) has issued a final rule revising the Export Administration Regulations (“EAR”), effective from December 11, 2009. It should be noted that U.S. export control is extra-territorial; any foreign trader handling U.S. origin items would be affected by this change.

Changes in the Wassenaar list cover a broad range of items from ECCN Categories 1 to 9. Examples of changes in the list of IT/electronics commodities are as follows:

- Electronics: 3A001.a.7 (Field Programmable Logic Devices) – Due to a change in technical specifications, control over certain field programmable logic devices is eliminated. The new control parameters are clearer and take into account advances in technology.

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- Computer: 4D001.b.1/4E001.b.1 (Software and Technology for the development or production of Digital computers) – In line with advancement of processor technology, control is relaxed in relation to Adjusted Peak Performance (“APP”), repealing 0.04 Weighted TeraFLOPS (“WT”) and substituting with 0.1 WT.
- Information Security: 5A002 (Encryption) – Control is relaxed over certain wireless personal area network equipment devices with published or commercial cryptographic standard (including home entertainment systems, peripherals for PC, cell phone headsets etc.), reflected through two additional exemption notes.

Other Asian countries, including Singapore, Korea and Taiwan, which have implemented export controls at the level of the Wassenaar Arrangement, will likely adopt the revised list in the near future.



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