

Licensing Break Out Session

Common Themes

- **Progression of the Licensing Break Out Session:**
 - Need to mitigate risk inherent in making strategic exports
 - Tools to mitigate risk – automated licensing systems
 - Evaluated trade and compliance benefits of adopting dual use licensing systems and highlighted challenges associated with brokering controls

Risk Assessment in Licensing

1st Morning Break Out Session

- **Moderator: Spencer Chilvers, UK**

- **Presenters:**
 - Tom Andrukonis, US
 - Sandra Raca, Germany
 - Angus Kirkwood, Australia

Risk Assessment in Licensing

1st Morning Break Out Session

- **Presentations from BIS (US), BAFA (Germany), and DECO (Australia) -- Key Points:**
- **Pre-licensing, Licensing, Post-Licensing**
- **Responsibility for export control compliance is shared between licensing authorities and the exporting community**
- **Licensing authorities mitigate risk of inadvertent violations or deliberate diversions through industry outreach and exporter education**
- **Licensing authorities should encourage exporters to establish internal compliance systems**
- **Need for positive incentives (“carrots”) to encourage voluntary compliance by industry**
 - Question: How do you ensure compliance if your “relax” your system?

Risk Assessment in Licensing

1st Morning Break Out Session

- **Interagency and multilateral cooperation is key to accurate risk assessment, particularly the relationship between licensing authorities and Customs**
- **Maintaining and updating records on export transactions facilitates appropriate decision-making**
- **Need for continuous risk assessment feedback loop!**
- **One size does not fit all: Composition of the national industry influences the type and focus of the licensing organization**
 - **Role of customer service in licensing: timely decision-making and establishment of a partnership**

Automated Licensing Systems Models



2nd Morning Break Out Session

- **Moderator: Megan Amer, United States**
- **Presenters:**
 - Antonia Rudge, UK
 - Seon-hong Hwang, Republic of Korea
 - Soung-kun Shim, Republic of Korea
 - Anita Polgar, Hungary
 - Lubomir Kovacik, Slovakia

Automated Licensing Systems Models



2nd Morning Break Out Session

- **Four different examples of automated licensing systems for dual-use and munitions exports illustrated**
- **Two systems that use electronic licensing and two that use a combination of paper and electronic license processing**
- **Presenters emphasized advantages of automated licensing systems:**
 - Greater workflow efficiency: no delays in passing application data between departments
 - For licensing officers: Instantaneous access to the necessary licensing history
 - For exporters: access to legislation, regulations, and other public information
 - Improved security for recordkeeping
 - Facilitates self-classification by exporter – improves compliance
 - Automatic checks against watch lists
 - Secure connections with referral agencies and Customs
 - Lower cost of license processing to the Government
 - Facilitates statistical analysis on trade and export trends: growth in the number of users, number of issued licenses, number of classification requests, target processing time.

Automated Licensing Systems Models



2nd Morning Break Out Session

- **How to get industry buy-in in using the electronic licensing system?**
 - expedited license processing time and more accessible information
 - Automated systems may allow you to re-use previously filed information
 - Classification tool – provides examples of similar classification cases
 - Online Simulators for 1st time users
 - Exporter sees the progress of license application throughout the entire processing period
- **Challenges of implementing electronic licensing:**
 - Some countries do not have legislation in place that permits the use of electronic signatures
 - Security issues associated with maintaining adequate information security and privileged access to confidential information
 - Cost of maintenance and upgrade – offset by efficiency savings derived from implementation of electronic licensing system

Licensing: Brokering and Dual-Use Controls



Afternoon Break Out Session

- **Moderator/Presenter: Michael Kourteff**
- **Irfan Yusuf Shami, Pakistan**
- **Pakawat Srisukwattana, Thailand**
- **Helmut Krehlik, Austria**
- **Michael Kourteff Helmut Krehlik, Australia**

Licensing: Brokering and Dual-Use Controls



Afternoon Break Out Session

- **Two presentations on Dual-Use Licensing and two on Brokering Controls**
- **Dual-use licensing – work in progress, process of continuous improvement**
- **Challenges:**
 - Interagency cooperation
 - Control lists adoption
 - Need to strengthened enforcement
 - Capacity building
- **Compliance benefits of adopting EU Control list associated with licensing systems**
 - International standard of comprehensive control list
- **Current experience is a public good**
 - Countries developing dual-use export control systems are able to take advantage of considerable international experience in this area

Licensing: Brokering and Dual-Use Controls



Afternoon Break Out Session

- **Brokering -- enhanced controls against the proliferation of WMD**
- **UNSCR 1540 calls for controls on Transit, Transshipment, Re-Export, and Brokering**
- **New EU Dual Use Regulation 428/2009 of 5 May 2009**
- **Failure to regulate arms brokering creates 'safe havens' for illicit trade in arms and dual-use goods**
- **Brokering regulations are an important part of an effective national export control system**
 - such regulations should be wide in scope, straightforward to administer and effectively enforced
 - Penalties for non-compliance
 - Challenges of enforcement
 - Requirements for information sharing
- **Brokering controls should not restrict legitimate commercial trade, but rather prevent illicit WMD and SALW trade**

Summary: Licensing

- **Pre-licensing**
 - Industry outreach
 - Interagency coordination
- **Licensing**
 - Automated licensing systems
 - Interagency coordination
- **Post-Licensing**
 - Interagency coordination
 - Continuous update of risk profiles
- **What are next steps?**
 - **How do we improve cooperation on licensing?**
 - **How do we improve information-sharing?**
 - **How do we develop “best practices”?**