

MEMORANDUM CIRCULAR NO. 21-18
Series of 2021

SUBJECT : GUIDELINES ON STMA LICENSE EXEMPTION

WHEREAS, Section 8 of Republic Act No. 10697, otherwise known as the Strategic Trade Management Act (STMA), provides that the Strategic Trade Management Office (STMO) is created as a bureau under the administrative supervision of the Department of Trade and Industry (DTI) to serve as the executive and technical agency of the national government for the establishment of the management systems for the trade in strategic goods.

WHEREAS, Section 3 of the STMA states that the following activities shall be subject to an authorization issued by the STMO: export, import, transit, transshipment, re-export, and the reassignment of strategic goods, and the provision of related services.

WHEREAS, Section 4 of the STMA provides that the National Strategic Goods List (NSGL) describe with specificity the strategic goods subject to authorization. The NSGL is composed of three (3) annexes: Military Goods (Annex 1), Dual-Use Goods (Annex 2), and Nationally Controlled Goods (Annex 3).

WHEREAS, Section 15 of the STMA list down the conditions for exemption from authorization.

NOW, THEREFORE, the STMO issues this Memorandum Circular that shall serve as guidelines for license exemption requests.

1. Activities Exempted from Authorization

- 1.1. Import of strategic goods by the government for the use of the Philippine military or police forces;
- 1.2. Temporary export of strategic goods by the government for the use of the Philippine military or police forces assigned outside of Philippine jurisdiction;
- 1.3. Export, transit, and transshipment of strategic goods which are provided in connection with a military, peacekeeping, or government humanitarian mission;
- 1.4. Export, import, transit, and transshipment of strategic goods by the government in connection with law enforcement activities; and,
- 1.5. Any other circumstances as provided by the NSC-STMCom pursuant to Section 7(f) of the STMA.

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2. Covered Persons

All government agencies performing military and law enforcement functions who engage or intend to engage in the activities listed in Section 15 of the STMA shall request a license exemption certificate from the STMO. The list of enforcement agencies is attached as Annex 1 of this Memorandum Circular.

3. Covered Items

The items covered by the License Exemption are indicated in Annex 1 (Military List) and Annex 2 (Dual-Use List) of the NSGL. Items issued with an import or export permit by the Philippine National Police – Firearms and Explosives Office (PNP-FEO) shall no longer require a license exemption certificate from the STMO.

4. Procedure for Requesting License Exemption Certificate

- 4.1. The requesting party shall self-classify their items as strategic goods and shall indicate the corresponding NSGL codes for each item in the license exemption request form. For step-by-step self-classification procedure, see Guidelines for Commodity Classification on the STMO webpage at <https://www.dti.gov.ph/negosyo/strategic-trade-management/>.
- 4.2. The requesting party shall submit a duly accomplished request form (Form A4-Request for License Exemption) indicating all details, *inter alia*, requesting party's information, import details, description of the goods with corresponding NSGL code, consignee, recipient, end-user, and expected date of delivery. The form shall be signed by the duly authorized representative. The request form is available on the STMO webpage at <https://www.dti.gov.ph/trabaho/strategic-trade-management/>.
- 4.3. The following relevant documents shall be appended to the request form and shall be submitted in English:
 - 4.3.1. Endorsement Letter from the government agency engaged in the exempted activities, e.g., Department of National Defense – Defense Procurement Service's endorsement letter to the STMO. The letter shall be addressed to the STMO Director, with the following attention line: Strategic Trade Registration and Authorization Division (STRAD);
 - 4.3.2. A copy of the contract between the Philippine government agency and other parties involved in the exempted activities;
 - 4.3.3. Technical specifications of the item/ commodity;
 - 4.3.4. Copy/ies of relevant commercial documents, in particular, any order confirmation, packing list, invoice, and/ or dispatch note;

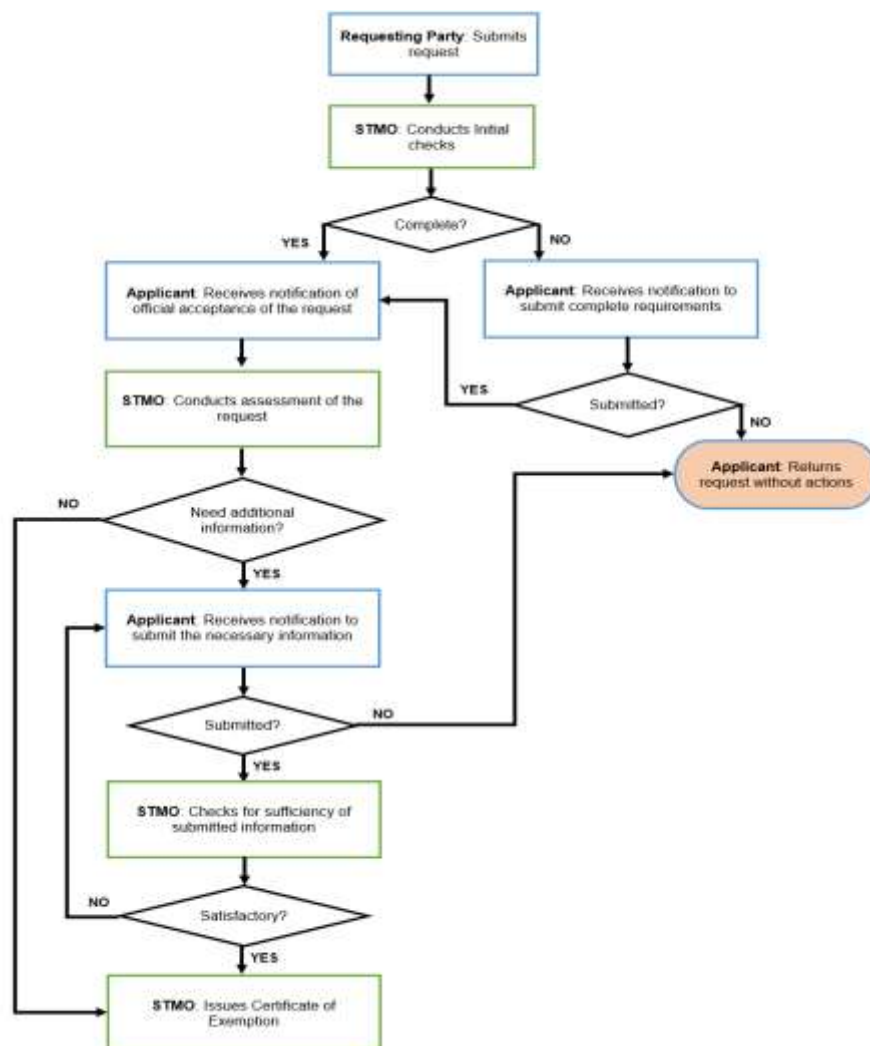
4.3.5. Copy/ies of certificates from PNP – FEO certifying that the items are not under its regulatory jurisdiction, if applicable;¹ and,

4.3.6. Other documents that may be required by the STMO, which may be relevant to the review and assessment of the request.

4.4. The requesting party shall submit the request form (both in Excel and scanned signed PDF) and other documentary requirements to stmo_rad@dti.gov.ph. The subject of the email shall follow this format: Request for COE_(Name of Requesting Party).

5. Review of License Exemption Request

In evaluating the request, the STMO shall check the items relative to the NSGL and the list of parties involved in the transaction.



¹ This requirement is applicable for NSGL ML1 and ML2 items.

- 5.1. The STMO shall conduct initial screening for completeness of the documentary requirements within seven (7) calendar days from the date of submission of the completed request form with all the additional requirements.
- 5.2. For requests with incomplete requirements, the STMO shall notify the requesting party to provide the necessary information or documents within fourteen (14) calendar days. Failure to comply within the given deadline will result in a return of the request without action.
- 5.3. The STMO shall process the request within 30 calendar days from acceptance thereof or submission of complete documentary requirements.
- 5.4. During the review of the request, the STMO may ask for additional information from the requesting party. The time that elapses between the date the STMO requests the information from the requesting party, and the date such information is received shall not be counted in the processing timeframe.
- 5.5. The STMO may approve the request in whole or in part and inform the relevant government agency of any assessment findings.
- 5.6. The STMO shall issue a paper and an electronic certificate of license exemption bearing the license exemption number, date of validity, and other relevant information. The issued certificate also includes the general and specific conditions the certificate holder must comply with.
- 5.7. The STMO shall electronically send copies of the certificate to the Bureau of Customs and the government agency supervising the items' end-user.

6. Extension of the Certificate of License Exemption

The certificate holder shall request the STMO in writing, within thirty (30) calendar days before the expiration of the certificate of license exemption, of their intent to extend the validity of their certificate.

7. Responsibilities of the Certificate of License Exemption Holder and Third-Party Representative

- 7.1. The certificate holder, in close coordination with the third party, e.g., the broker, shall provide a copy of the Certificate of Final Acceptance (CFA) by the Technical Inspection and Acceptance Committee and/or Receipt Confirmation within (15) calendar days upon receipt of the items, to ensure that the items indicated in the certificate are received in due course.
- 7.2. The certificate holder shall also provide a copy of the Air Waybill or Bill of Lading within 15 calendar days upon entry of the items in the Philippine territory.

7.3. The third-party shall submit to the STMO the Import Release Confirmation signed by the Bureau of Customs representative within (15) calendar days upon receipt of the items.

7.4. Failure to submit the required CFA within 15 calendar days from the receipt of the strategic goods or failure to comply with any of the conditions set forth under the certificate of exemption shall subject the certificate holder, importer, end-user, and/or third party to the administrative and criminal penalties provided for under the STMA.



This Memorandum Circular shall take effect immediately.

04 May 2021, Makati City.

Recommending Approval:


ATTY. JANICE S. DIMAYACYAC
Director III

Approved by:

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Catibayan Luis Mella
Date: 2021.05.10
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ATTY. LUIS M. CATIBAYAN
Director IV

ANNEX 1

ENFORCEMENT AGENCIES WITH LAW ENFORCEMENT FUNCTIONS

1. Department of Agriculture
 - a. Bureau of Fisheries and Aquatic Resources (BFAR)
2. Department of Environment and Natural Resources
 - a. Environmental Management Bureau (EMB)
 - b. Forest Management Bureau (FMB)
3. Department of Finance
 - a. Bureau of Customs (BOC)
4. Department of the Interior and Local Government
 - a. Philippine National Police (PNP)
 - b. Bureau of Jail Management and Penology (BJMP)
5. Department of Justice
 - a. National Bureau of Investigation (NBI)
 - b. Bureau of Corrections (BuCor)
 - c. Bureau of Immigration (BI)
6. Department of National Defense
 - a. Armed Forces of the Philippines (AFP)
7. Department of Transportation
 - a. Philippine Ports Authority (PPA)
 - b. Philippine Coast Guard (PCG)
8. Government Owned and Controlled Corporations (GOCC)
 - a. Bangko Sentral ng Pilipinas - Security Department
9. Office of the President
 - a. Philippine Drug Enforcement Agency (PDEA)
 - b. Philippine Postal Corporation (PHLPOST)
10. Other agencies that have law enforcement power by reason of their mandate