

FICCI

Federation of Indian Chambers
of Commerce and Industry



In cooperation with

Directorate General of Foreign Trade, Government of India
and U.S. Department of Energy

Training on Strategic Trade Regulations and Practices for Indian Hi-tech Industry



The global dual-use market is currently estimated to be between US\$ 800 billion and US\$ 1 trillion and growing at 5% annually. Participation in this market is highly lucrative but it also requires companies to be aware of and institute credible measures to demonstrate capacity for robust compliance with relevant national and international export control regulations and best practices.

Strategic context

The global trade in high technology products, materials, technologies and services – that have legitimate commercial but also military applications - is being increasingly targeted by terrorists and proliferators for illicit purposes. Governments around the world are concerned about the risk that such dual-use items can be diverted in-country or re-exported for unauthorized uses. As such, most countries - including India and all its major trading partners - are instituting stricter licensing requirements for acquisition, manufacture and trade in such items with an aim to ensure adequate security along the entire transnational production and supply-chain.

Some salient facts

- Since 2004, licensed exports from India have shown a growing trend, but even by 2009, the total value of licensed exports was less than \$2 million, a paltry sum given the enormous size and scope of the global market in dual-use products, technologies and services.
- Barely 25 Indian companies apply for export licenses annually, and not many more import licensed items on a regular basis. These are astonishingly small numbers, especially given the vast size and technological sophistication of the Indian corporate sector.

The reasons

- There is great lack of awareness of export control regulations and how to successfully trade in dual-use technologies, products and services.
- Indian companies engaged in hi-tech areas need to effectively "firewall" their imported technologies and dual-use items against unauthorized diversion or re-export.
- They also need to ensure that their indigenous products and services, exported to customers abroad, do not fall in wrong hands.

How we can help

FICCI, in partnership with the Center for International Trade and Security (CITS), University of Georgia, USA, will

- Hold awareness creation workshops to provide companies a granulated understanding of the complex national and international legal-regulatory-enforcement landscape regarding dual-use technologies.
- Equip companies with the practical tools to successfully compete across the hi-tech sectors.
- Provide customized training for in-house capacity building with reference to export control regulations and dual use business - in technologies, products and services.

A staggering array of opportunities await Indian Companies in Advanced Technology Sectors

- In civil nuclear and nuclear dual-use areas - with the exemption granted to the 45 member countries of the Nuclear Suppliers' Group to engage India; and with the successful passage of the US-India civil nuclear cooperation agreement.
- In chemical, pharmaceutical, bio-technology and bio-informatics sectors.
- In R&D, manufacturing and trade in advanced technologies in the fields of conventional munitions, aerospace, electronics and material sciences.
- Other emerging sectors with significant market opportunities in India and abroad include lasers, robotics, nano-technology, specialty materials and advanced design, engineering & construction capabilities with dual-use applications.

Compliance Training Program: The Value Proposition

FICCI and CITS are organising a series of workshops and training programs in cooperation with the Directorate General of Foreign Trade, Government of India, the U.S. Department of Energy, and other experts from the United States, Europe and Asia on an as-needed basis, to provide customized, intensive training to help compliance personnel, CEOs and CIOs establish:

- Robust Internal Compliance Programs (ICPs)
- Internal product and service classification systems
- Access to databases with updated information pertinent to national export control systems, notifications of sanctions and lists of proliferation-sensitive entities worldwide
- Compliance practices that conform to changing regulations in India and globally

Objectives of Training Programs

Assist Indian companies acquire a competitive advantage by:

- Importing licensed technologies, products and services.
- Forging collaborations with foreign companies.
- Expanding their footprints across the Indian and global marketplace.
- Facilitating mechanisms for safeguarding dual-use technologies & preventing diversion to unauthorized end-uses or proliferators.
- Establishing Internal Compliance Programs (ICPs) within Indian companies, including adaptations of common compliance practices that have emerged globally, to effectively utilize opportunities in the global market.

Well over 1000 companies in India are engaged in activities that relate directly or indirectly with the nuclear sector, and over 5000 are engaged in other dual-use sectors, offering vast potential for forward and backward linkages. When collaboration with foreign companies is added to this mix, the market potential becomes enormous.

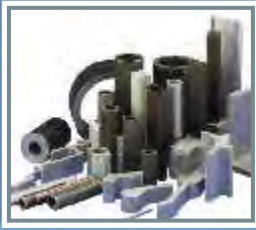
- Focusing on India's current (and proposed) strategic trade control regulations and their impact on business requirements and practices.
- Becoming aware of strategic trade control requirements of key trading partners (United States, Japan, China, Russia, European Union and Southeast Asia).
- Learning, through use of case studies, about safeguarding dual-use technologies and preventing diversion to unauthorized end-users or proliferators.
- Developing means to establish an interactive relationship with the government.

Compliance Requirements and Regulations

- Governments in various countries are introducing higher compliance requirements for their industries. Despite national variations in corporate compliance obligations, the trend is clearly towards international harmonization over time. These requirements cover:
 - Dual-use goods & materials
 - Intangible technology transfers
 - Deemed exports
 - Catch-all controls
 - Transit and trans-shipment controls
 - Steps to ensure supply-chain security
- Government of India passed the Weapons of Mass Destruction (WMD) Act in 2005, harmonized its control list "SCOMET" (special chemicals, organisms, materials, equipment and technologies) with those of the Nuclear Suppliers' Group and the Missile Technology Control Regime.

What does it mean for Indian businesses?

- Indian companies need to classify their products and services with greater precision and update their internal systems of compliance in accordance with Indian and international regulations.
- Foreign companies seeking to participate in India's strategic sectors are required to remain compliant with their national obligations as well as Indian regulations.



Did you Know ?

- India's WMD Act 2005 makes companies - including the management & owners - liable for violation committed by an employee?
- The know-how and know-why behind items listed on SCOMET need licenses before they can be shared with foreign companies?
- The export of following items, when made to certain specifications, might require a license?
 - Filament winding machines, condensers, heat exchangers and fermenters
 - Crucibles, extruded metal shapes and coated pipes
 - Bellows, diaphragm pumps and vacuum pumps
 - Ceramic composite materials
 - Machine tools for removing or cutting metals, ceramics or composites
 - Thermoset resin-impregnated continuous yarns, rovings, tows or tapes
 - Natural boron, boron carbide or metal borides
 - Aluminium alloys in any form "capable of acquiring" certain tensile strength
 - Equipment designed or modified for production of fibrous or filamentary materials by wet spinning of refractory ceramics

● That every time your trading partner sends (exports) any of the above items to you in India, it needs to apply for an export license?

● That the decision on whether to grant an export license is in part based on the assessment of your capacity to secure these items against diversion and re-export?



Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence and its subsequent emergence as one of the most rapidly growing economies globally. FICCI plays a leading role in policy debates that are at the forefront of social, economic and political change. Through its 400 professionals, FICCI is active in 38 sectors of the economy. FICCI's stand on policy issues is sought out by think tanks, governments and academia. Its publications are widely read for their in-depth research and policy prescriptions. FICCI has joint business councils with 79 countries around the world.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. FICCI has direct membership from the private as well as public sectors, including SMEs and MNCs ; over 250,000 companies are direct or indirect members of FICCI.

FICCI works closely with the government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sector specific consensus building and networking. Partnerships with countries across the world carry forward our initiatives in inclusive development, which encompass health, education, livelihood, governance, skill development, etc. FICCI serves as the first port of call for Indian industry and the international business community.



Established in 1987, the Center for International Trade & Security (CITS) at the University of Georgia is widely recognized as one of the world's leading research and training organizations in the area of technology security and strategic trade management (<http://www.uga.edu/cits/home/index.htm>). CITS is committed to helping governments and companies balance their trade and security responsibilities by creating trade-enabling, security-maximizing, regulatory and enforcement capabilities. Based on its 20-year track-record of work that now spans over 70 countries, CITS provides expertise and assistance to help establish "international best practices and standards." In the areas of export controls and technology safeguards, CITS is expanding its collaborative engagement with the governments of India, China, United States, European Union and Southeast Asia, and with the Experts Committee of the United Nations Security Council Resolution 1540, the International Atomic Energy Agency, and multinational non-governmental initiatives including the Council for Security Cooperation in the Asia Pacific. The work of CITS is supported by a growing number of governments, private foundations and corporations across the world.



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